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ESTABLISHED 1887

After 50 Years, Japan Admits Forcing Women Into Wartime Brothels

By James Sterngold
New York Times Service
TOKYO — The government, ending a half-century of denial, acknowledged Wednesday that the Japanese military had forced Asian and European women into serving as sex slaves for its soldiers during World War II, and it offered its first full apology for these atrocities.

The announcement was significant, given Japan's reluctance to make a full accounting of the scope of its wartime aggression, as Germany, its onetime ally, did years ago. But it was just another in a series of incremental steps in which Japan has responded to angry demands from its Asian neighbors by admitting bit by bit to the brutalities its military committed.

Government officials expressed deep remorse and put the disclosures in the context of Japan's increasing political, financial and trade ties with the rest of East Asia, where Japan is still regarded with some suspicion because of the painful emotional weight of the war memories.

"Fifty years after the war we do feel that we are coming to a point where we feel we should be building a constructive partnership with our Asian neighbors," said Sadaki Numata, a spokesman for the Foreign Ministry. Tsutomu Hata, a leading figure in the coalition government that is expected to be named officially Thursday, repeated this week his pledge that the new government would alter years of practice and rejuvenate Japan's relations with its neighbors by offering an unqualified apology for the terrible hardships Japan imposed during the war.

Despite the detailed admission Wednesday of the direct government role in the systematic subjugation and humiliation of tens of thousands of women, some of whom are still alive and have sued the Japanese govern-

ment, officials refused to say whether compensation would be offered. That brought a qualified approval of the statement from South Korea, from which most of the sex slaves, euphemistically referred to as "comfort women," came.

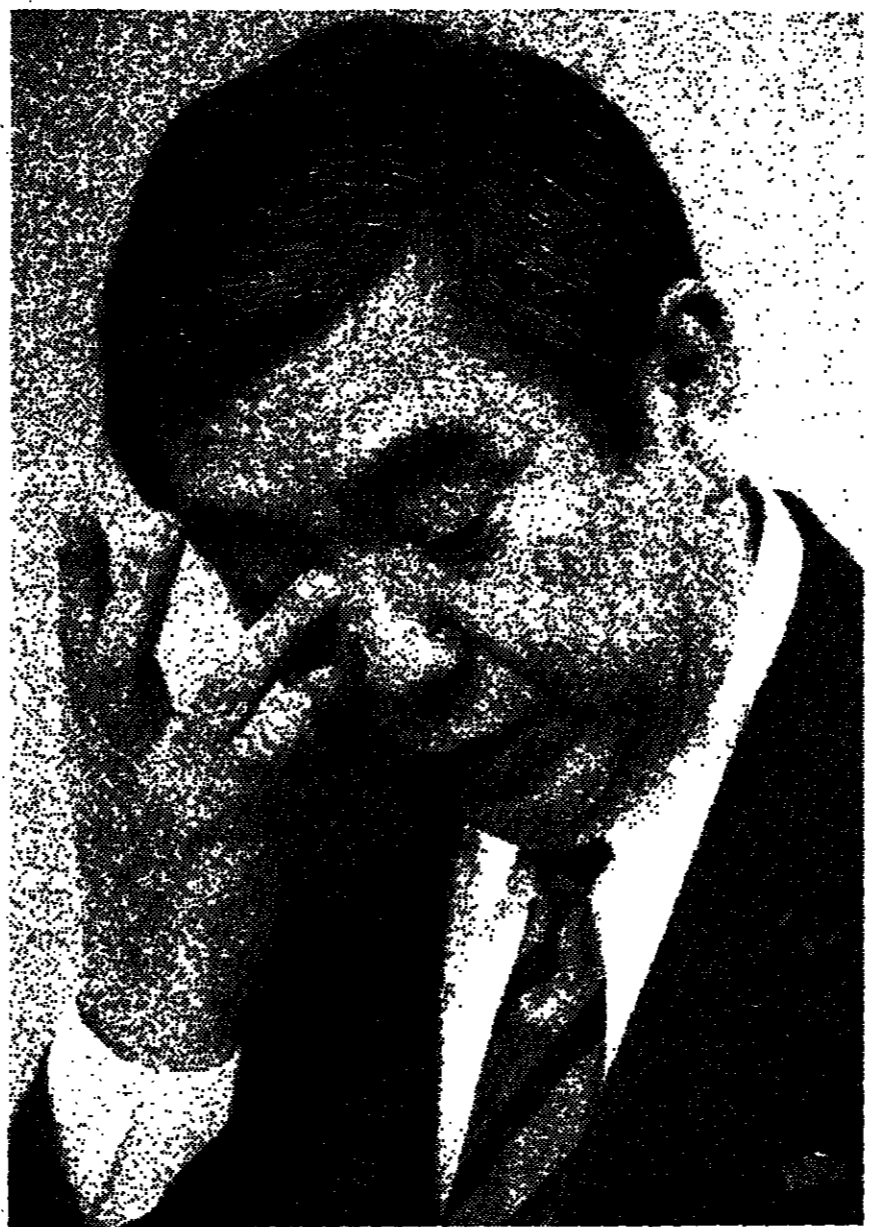
"We appreciate the fact that in its latest report, the Japanese government now acknowledges that coercion was involved in the entire process of recruiting, transporting and managing 'comfort women,'" the South Korean Foreign Ministry said in a statement issued in Seoul. "We also appreciate the fact that the Japanese offered an apology to the victims, voiced a sense of self-reproach and expressed a determination to squarely face the resulting historical lessons."

The ministry added, however, that it expected Japan to "continue to pay attention to those questions that have not been clarified, even in this most recent document, and eventually to resolve them."

Two years ago Japan first admitted the existence of the network of brothels, which extended from China and Indochina to Burma and the South Pacific, but it insisted that it had been operated by private businessmen, not the government. Then last year the government acknowledged that the military itself had been involved in operating the system and in recruiting the women.

Wednesday, which was the last full day in office for the government of Prime Minister Kiichi Miyazawa, the government said it had concluded a one-and-a-half-year study and had determined that the bitter claims of Korean and other Asian women were true.

For the first time, the government said, it had interviewed some of the former sex slaves, as well as former Japanese soldiers and government officials who for decades



A Japanese spokesman, Yohji Kono, reading the government's admission Wednesday.

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NATO Sees UN 'Flak' on Campaign In Bosnia

By Barton Gellman and Trevor Rowe
Washington Post Service
WASHINGTON — As North Atlantic alliance planners prepared a broad list of bombing targets against Bosnian Serbs, major disputes remained unresolved in NATO and also at the United Nations over who would control that use of force, and how extensive it might become.

Clinton officials and some key allies declared that NATO had made a breakthrough after it authorized preparations for "air strikes against those responsible" for extending the Balkan war.

But a possibility persisted that the international community would deadlock once again over the decision to use force.

The commander of UN peacekeeping forces in Bosnia-Herzegovina met with a NATO commander on Wednesday to discuss air action. Reuters reported from Zagreb, Croatia.

[Shannon Boyd, a spokeswoman for the UN forces, said Lieutenant General Jean Cot and Admiral Jeremy Boorda, the NATO commander in southern Europe, had "focused on defining close coordination mechanisms between the United Nations and NATO."

[She added that they had agreed that security for the UN troops on the ground was "of paramount concern," and said that General Cot would assess the ground force situation before any action.]

A diplomat from Canada, the most vigorous holdout during the talks Monday, which an American said were "as bitter and rancorous a discussion as have ever taken place in the alliance," noted pointedly that the communiqué had called for another meeting to decide whether to use force.

"The alliance has decided that military action will be used if necessary," he said, "but it hasn't decided whether or not to go ahead and implement it."

President Bill Clinton's new strategy is aimed, he said, at preventing strangulation of Sarajevo and other Muslim enclaves in Bosnia-Herzegovina and at ensuring survival of a Muslim state.

Talking points prepared for the meeting in Brussels called for diplomats to "stress" to the leaders of Muslims that, despite the threat of allied military action, "we expect that they will seize this last possible opportunity to obtain a realistic political settlement."

The United States proposed giving the Bosnian Serbs an ultimatum to lift the siege by a deadline or face punitive military action.

A majority of the 16 NATO representatives, however, preferred a subtler approach in hopes that talks in Geneva among Bosnia's warring groups would lead to a partition of Bosnia without the intervention of North Atlantic Treaty Organization forces.

Two disputes among American, European and UN officials stand in the way of making the threat of air attack believable.

First, the United Nations wants to run the show, but Washington wants NATO to run it.

Second, UN officials want any air strikes to occur only in retaliation against Serbian at-

'Very Clearly,' U.S. Warns Serbs of Risk Of Air Strikes

Talks in Geneva Halted By Boycott of Muslim And 2 Foes' Departure
Reuters
GENEVA — The U.S. special envoy, Reginald Bartholomew, said Wednesday that he had explained the seriousness of NATO's threat of air strikes to President Slobodan Milosevic of Serbia and the Bosnian Serbs' leader, Radovan Karadzic.

"I impressed upon them the obvious seriousness of the situation, and I believe they understood it," he said after talks in Geneva. "The alliance decision is quite clear. I relayed it very clearly."

North Atlantic Treaty Organization officials, pressed by Washington, agreed Tuesday to authorize air strikes in Bosnia to prevent the Serbian strangulation of the capital, Sarajevo.

David B. Ottaway of The Washington Post reported from Geneva:

The peace negotiations were formally interrupted Wednesday when leaders of two of the three warring factions abruptly went home and the third, Bosnia's Muslim president, Alija Izetbegovic, continued his boycott in protest over a continuing Serbian offensive outside Sarajevo.

The suspension came despite the efforts of Mr. Milosevic and President Franjo Tudjman of Croatia, who returned to Geneva on Tuesday night in a bid to help the two international mediators, Lord Owen and Thorvald Stoltenberg, salvage the talks.

Mr. Milosevic and Mr. Tudjman flew back to the Balkans on Wednesday but said they were willing to come back if and when they were needed again.

The mediators said they hoped that Serbian, Croatian and Muslim negotiators would resume their tripartite talks Friday. But the prospects for such an early resumption appeared exceedingly questionable, mainly because of the concerted Bosnian Serbian military drive to gain control of all strategic heights around Sarajevo.

Lord Owen and Mr. Stoltenberg are to hold bilateral talks Thursday with the Bosnian government's faction-ridden collective presidency in an attempt to keep the negotiations alive and Mr. Izetbegovic in Geneva.

A conference spokesman, John Mills, said the Bosnian Serbian leader, Mr. Karadzic, and the Croatian faction's leader, Mate Boban, had told the co-chairmen that they were prepared to return Friday "if there is a certainty of a trilateral meeting involving Izetbegovic."

However, Mr. Izetbegovic appeared more anxious to await the outcome of the new NATO decision to launch air strikes if Bosnian Serbian forces press ahead with their offensive to tighten their stranglehold on the capital city.

He was thus insisting that Mr. Karadzic fulfill his written commitment, made while in Geneva, to withdraw his forces from the strategic heights near Sarajevo.

Conference sources conceded that it was far from clear whether Mr. Karadzic had sufficient authority over his strong-willed military commander, Ratko Mladic, to order him to with-

Scandal-Weary Italian Parliament Votes Reform

By Alan Cowell
New York Times Service
ROME — Italy's Parliament voted convincingly Wednesday to approve changes designed to revolutionize politics and abolish its electoral system after four decades had passed since its founding.

The vote was the first major political change forced onto the country's leaders by the corruption scandal that has ensnared many of them.

The changes, ending proportional representation for most of Parliament, will probably lead to elections early next year. They are widely expected to seal the demise of the corrup-

tion-stained Christian Democrats and Socialists — twin pillars of a system that bred the pervasive graft exposed in an 18-month corruption inquiry.

The lower house vote Wednesday was 287-78 in favor, with 15% abstentions.

In a further reflection of the country's changed mood, Parliament also voted Wednesday to permit investigators to continue inquiries into the affairs of Bettino Craxi, a former prime minister and Socialist leader who is accused of 83 charges of corruption involving payments totaling \$60 million.

Investigators now will be able to search his house and offices. They were previously inhibited by Mr. Craxi's legislative immunity.

In an address to Parliament, Mr. Craxi, whose party has been the most damaged by the corruption scandals, said he was being made a scapegoat for "the illegal financing of political parties and the political system in which all the major economic groups in the country participated."

Since 1992, more than 2,500 business people and politicians have been implicated in a vast array of fraud and kickback involving the systematic payment of bribes for government contracts and favors. The amounts involved run into billions of dollars.

The scandal evoked such revulsion among Italians that in a

See ITALY, Page 4

Sentences in King Beating Case Set L.A. on Edge

Compiled by Our Staff From Dispatches
LOS ANGELES — The two white police officers convicted in the Rodney G. King beating were sentenced today to 2 1/2 years in prison, a quarter of the maximum term, by a judge who said that many of the worst blows they inflicted that night were legal.

Sergeant Stacey Koon, 43, and Officer Lawrence Powell, 30, had faced up to 10 years in prison and \$250,000 fines after being convicted on federal civil rights charges for the March 1991 beating of Mr. King, who is black.

The beating was captured on videotape by an amateur photographer. The acquittal last year of Sergeant Koon, Officer Powell and two other

policemen on state charges led to riots in Los Angeles.

Early reaction by the black community to the relatively light sentences was one of disappointment and anger. All available police officers were pressed into service before the sentencing in federal court, but there were no immediate reports of violence.

U.S. District Judge John Davies said the beating started out as a lawful action by the police because Mr. King had resisted arrest after a car chase, and the beating did not become a crime until Mr. King had stopped moving and officers kept on beating him.

Most of Mr. King's more severe injuries, including head and facial injuries, happened

before the beating became illegal and could not be taken into account for sentencing purposes, the judge said.

He also held that the officers posed no threat to society, had good service records before the incident and were good family men.

For those reasons, he said, he favored a sentence less than the 5 years and 10 months to 7 years and 3 months in prison called for in federal guidelines. He also imposed neither

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Dousing Racist German Fires

Compiled by Our Staff From Dispatches
DUSSELDORF — Foreigners living in the German state of Rhineland-Westphalia were advised by the police on Wednesday to keep a fire extinguisher handy against the threat of arson attacks by rightists.

That was one of 10 bits of advice to improve immigrants' security. Others included keeping curtains drawn at night and locking windows during absences.

A regional police spokesman said that leaflets in 10 languages, including Turkish, Serbo-Croatian, Polish, French and Arabic, had been

distributed in and near Duisburg, where about 70,000 non-German nationals live among a total population of 530,000.

The police decided on the leaflet campaign following a violent neo-Nazi campaign against foreigners.

Discussing the leaflets, a police spokesman, Ulrich Ringwirth of Dusseldorf, called the advice about fire extinguishers "slightly excessive." He added: "After all, we don't want to give rise to a climate of fear."

More than 1,000 attacks against foreigners have been reported this year. (AP, AP)

Kiosk President Gains Key Budget Vote

WASHINGTON (AP) — President Bill Clinton won crucial support for his deficit-reduction measure Wednesday from Senator Dennis DeConcini, Democrat of Arizona.

Mr. DeConcini was the object of intense White House lobbying. In announcing his support, Mr. DeConcini said, "This bill will mean jobs and overall I think it's a positive thing for the country and for the economy."

His announcement offset the defection of Senator David L. Boren, Democrat of Oklahoma, who had voted for the measure when it narrowly cleared the Senate. Barring another defection, Mr. DeConcini's decision assures 50 votes for the plan, with Vice President Al Gore available to break a tie.

Related articles, Pages 3 and 9

Dow Jones	9.22	3,522.05
Trib Index	Up 0.18%	106.07
The Dollar		
New York	1.7068	1.7075
DM	1.508	1.5007
Pound	104.825	104.40
Yen	5.9128	5.9352

No Rate Cuts

European governments and France in particular appeared determined Wednesday to avoid cutting interest rates too quickly, despite the effective collapse this week of Europe's exchange-rate mechanism. (Page 9)

The dearth of interest rate cuts sparked massive profit-taking in Deutsche marks on the currency markets. (Page 10)

Nuclear Test Canceled

WASHINGTON (AP) — The Pentagon on Wednesday canceled an underground nuclear test explosion scheduled for 1995, the last one on the drawing board. The test was dropped by President Bill Clinton's decision last month to extend a U.S. nuclear test ban until at least September 1994. A spokesman said, however, that the test complex in Nevada would be kept ready for possible later use.



CROWNING GLORIES — Some of the 30,000 guests, above, who attended the Jerusalem wedding of Aaron Mordochai Rokeah, only son of Rebbe Yissachar Dov Rokeah, head of the Belz Hasidic dynasty, which was nearly wiped out in the Holocaust. Mr. Rokeah and Sara Leah Leimberger, both 18, had met once before the ceremony. Meanwhile, meeting once again, in Woolwich, England, were former soldiers of the Royal Horse Artillery, who filed past Queen Elizabeth II during a bicentenary review.



In Caucasus, Lure of War Armenians Revere Slain U.S. Volunteer

By Raymond Bonner
New York Times Service
MARTUNI, Azerbaijan — When a visitor started to sit down for lunch at a place where a plate, glass and fork had been set, a military officer solemnly asked him not to take that place.

It was the spot reserved in honor of a commander, Mouna Melkonian, who was killed June 12 in battle here in Nagorno-Karabakh. Upstairs in the military headquarters, a candle flickered beneath a large photograph of the comrade, balding, with a thick, black beard. "He was the best 'god' we ever had," said an Armenian.

He was also an American, born in Visalia, California, in 1957.

Another American was killed here last month as well, fighting with the ethnic Armenians of Nagorno-Karabakh who are trying to secede from Azerbaijan.

Since the early 1800s, when Russia, Turkey, Persia and Britain contested the mountains of Central Asia, the region has seduced — and trapped — explorers and spies in the service of their countries and causes.

Today, the strangers come from Lebanon,

Iraq, Iran and Syria as well as the United States and, above all, at least 100 came from Russia. To the Azerbaijanis, they are mercenaries. But the volunteers with the ethnic Armenians say they are motivated by the cause, not by money.

Many are of Armenian background, from families forced out of their homelands by the Turkish massacres of Armenians early in this century. They have come to avenge the past and gain an independent Nagorno-Karabakh.

American officials considered Mr. Melkonian a terrorist, said his wife, Seta, 30, as she folded her husband's blood-soaked flak jacket. "But we told them he's a fighter for freedom."

Whatever, it was a long way from the academic talent he displayed at the University of California at Berkeley, where he was graduated in only two and a half years with a degree in archeology and a thesis about the people who occupied the land now known as Armenia before the Armenians arrived.

After that, he went to Lebanon for eight years, according to his wife. During that time, she said, he traveled to Syria, Iran and Afghanistan. She declined to say what he was doing in

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Book Review Page 7

Khmer Rouge Seek A Role in Coalition

Guerrillas Step Up Violence To Convince Other Factions

By Philip Shenon
New York Times Service

BANGKOK — The Khmer Rouge rebels have stepped up a campaign of postelection violence in Cambodia in what diplomats and UN peacekeepers believe is an effort to convince other Cambodian factions that it would be dangerous to exclude them from the new coalition government.

The Khmer Rouge are reminding us that they're still around and that they have to be part of whatever happens next in Cambodia," a Western diplomat said by phone from Phnom Penh. "Unfortunately, this sort of terrorism will probably accomplish their goal."

The Khmer Rouge, which abandoned the UN peace efforts after signing a treaty in 1991, boycotted internationally supervised elections in May. But clearly pleased by the outcome of the election, it is now trying to achieve a place in the interim coalition led by Prince Norodom Sihanouk, head of state and former monarch.

This strategy, diplomats said, is to make it clear to the other factions that they will pay a terrible price in bloodshed if the Khmer Rouge is not given some sort of role. The willingness of the Khmer

Israel Rebuffs U.S. Court on Demjanjuk

By Chris Hedges
New York Times Service

JERUSALEM — The Israeli Justice Ministry, which is considering a petition that would require John Demjanjuk to stand trial for war crimes other than the one he was acquitted of last week by the Supreme Court, said a ruling by a U.S. court overturning Mr. Demjanjuk's extradition order and challenging Israel's right to try him for other crimes "is not legally binding on the state of Israel."

The statement came in response to a decision Tuesday by the 6th U.S. Circuit Court of Appeals in Cincinnati.

The court said Mr. Demjanjuk's extradition had been concerned only with the charge that he had been a sadistic camp guard known as "Ivan the Terrible," who operated the gas chamber at the Treblinka death camp in Poland during the Nazi occupation.

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The justices refused to charge Mr. Demjanjuk with these offenses, saying he had not been given a chance to defend himself against the accusations. The justices also said that after more than seven years in prison too much time had elapsed to begin new judicial proceedings.

But just as it appeared that Mr. Demjanjuk would go free a second Supreme Court panel agreed to a hearing on Aug. 11 to decide if Mr. Demjanjuk could stand trial based on evidence that he was a guard at four other camps.

Mr. Demjanjuk's lawyer predicted he

in the case of Demjanjuk is a legal question which the Supreme Court has not ruled on."

The Israeli Supreme Court quashed Mr. Demjanjuk's 1988 death sentence, saying there was "reasonable doubt" that he was the guard "Ivan" at Treblinka, where 870,000 Jews were killed in 1942 and 1943.

But the court did not absolve the 73-year-old retired auto worker, who settled in Cleveland after the war, of war crimes. The court said that evidence showed that Mr. Demjanjuk served as a guard at the Sobibor, Flossenburg and Regensburg death camps.

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WORLD BRIEFS

In Greece, 'Documents of Shame'

ATHENS (AFP) — Only Greeks who are members of the Orthodox faith are fully Greek, according to an official security report leaked to the newspaper *Eleftherotipia* which published extracts Wednesday under the heading "Documents of Shame."

"It would not be too much to say that any Greek who is not Orthodox is not completely Greek," the report said in one of several extracts published by the paper. It recommended that "repressive measures" be taken against non-Orthodox groups. The report, by the security service taken against non-Orthodox groups. The report, by the security service taken against non-Orthodox groups. The report, by the security service taken against non-Orthodox groups.

FBI Seizes 2 in Washington Spy Case

WASHINGTON (Reuters) — The FBI has arrested a State Department secretary and a self-described West African journalist on espionage charges. FBI agents said they had taken into custody Geneva Jones, who has worked at the State Department's Bureau of Politico-Military Affairs since 1989, and Dominic Ncube, a resident alien from Cameroon.

The two were arrested Tuesday on charges of willfully communicating, delivering and transmitting "documents relating to the national defense to persons not authorized to receive them." Justice Department officials said the secretary had smuggled out classified documents in her purse and had passed them to Mr. Ncube. The officials said it was not clear whether any foreign government was behind the alleged spying.

Seoul Asks Nuclear Talk Resumption

SEOUL (AP) — South Korea proposed Wednesday that talks reopen next week between South Korea and North Korea to try to resolve concerns that the Communist North has a secret nuclear weapons program.

Prime Minister Hwang In Sung, in a telephone call to the North, proposed that a nuclear control commission charged with overseeing a nuclear-free Korean Peninsula be convened Tuesday.

"This is the time that the two sides should muster wisdom to resolve the nuclear issue, thus making a breakthrough in South-North relations," Mr. Hwang said. The proposal came a day after three international Atomic Energy Agency officials arrived in North Korea to resume inspections of facilities for the first time in three months.

Russia Presses Ukraine on Missiles

MOSCOW (Reuters) — Russia criticized on Wednesday Ukraine's decision not to give up 46 SS-24 nuclear missiles left on its territory after the collapse of the Soviet Union.

A Foreign Ministry spokesman said that since Russia considered itself the sole nuclear state among the former Soviet republics, with sole rights to the arsenals of the former superpower, it owned the SS-24s.

Ukraine has not ratified the START-1 nuclear reduction treaty between the Soviet Union and the United States. Ukrainian officials contended that the SS-24s are not included in the treaty, which, the officials say, applies only to the country's 130 older SS-19 strategic missiles.

Paris Widens Gay Health Benefits

PARIS (AFP) — The French Social Security system said Wednesday that it had amended its regulations and would allow homosexuals to benefit from a partner's health coverage.

The move was welcomed by *Onitrac*, a group that lobbies against sexual discrimination. It said the decision was a "revolution" in social legislation, and would be of particular help to couples in which one partner had used up all health coverage rights in a long illness, such as AIDS. Under the new rules for couples of the same sex, a partner who is working can name a "companion" as a dependent.

Riot Toll in South Africa Tops 100

JOHANNESBURG (Combined Dispatches) — Street clashes in black townships killed five people overnight, the police said Wednesday. The government was considering sending in more troops to restore order.

More than 100 people have died since Saturday, mostly in townships near Johannesburg, in the latest outbreak of political violence. In Kallabong Township, shooting erupted Wednesday between the police and men among a crowd of mourners at a funeral for five clash victims.

President Frederik W. de Klerk said he supported a multiparty peacekeeping force, but he stressed that it would be an auxiliary unit and that the police and army would remain under his command. (AP, Reuters)

For the Record

Jordan has set Nov. 8 for parliamentary elections, the first since 1956. (Reuters)

The cabinet adopted the date at a weekly session. (Reuters)

Singapore set Aug. 28 for its first presidential election, which so far has only one announced candidate, Deputy Prime Minister Ong Teng Cheong. Both opposition parties have declined to nominate anyone. But Chia Shi Teck, a non-elected legislator, told the Straits Times he would run if no one else stood against Mr. Ong. (AP)

Rwanda and the rebel Rwandan Patriotic Front signed a peace accord in Arusha, Tanzania, on Wednesday that was expected to end nearly three years of civil war. (AFP)

TRAVEL UPDATE

As an anti-AIDS measure, France is using foreign-language ads this summer to promote the use of condoms among tourists. Billboards in French, English, German, Spanish and Arabic are going up at 200 railroad stations, 18 airports and 400 camping grounds. France has one of the highest incidences of AIDS in Europe. (Reuters)

Eva Airways will begin three-week flights between Taipei and San Francisco on Oct. 2, and increase the weekly flights between Los Angeles and Taipei from seven to 10 in mid-October. (Bloomberg)

Iran Air will raise its international fares by 46 percent beginning Sept. 23, the head of Iran's Civil Aviation Organization was quoted as saying Wednesday. Domestic fares will rise by 20 percent. (Reuters)

Christopher Visits Lebanon in Detour

Compiled by Our Staff From Dispatches

ZAHLE, Lebanon — Secretary of State Warren M. Christopher made an unscheduled visit to Lebanon on Wednesday after meeting with Syrian officials, who expressed guarded optimism that his diplomacy would get peace talks moving again.

Mr. Christopher arrived here, 50 kilometers east of Beirut, by road from Damascus on the fourth leg of a mission to revive the stalled 21-month-old talks. He made the trip four days after brokering a cease-fire that ended a week of rocket and artillery fire in southern Lebanon between the Israeli Army and Iranian-backed Hezbollah guerrillas.

Officials said his talks in Lebanon would focus on hopes to revive the negotiations, which U.S. officials had feared would be derailed by the Israeli assault on southern Lebanon.

Earlier, in Damascus, Mr. Christopher met with Syrian officials including President Hafez Assad. Mr. Christopher appeared with the Syrian foreign minister, Farouk Shara, who reported that the Syrians "feel somewhat optimistic" that the visit will get the peace process moving.

"We believe that talks that Secretary Christopher has had today may salvage the peace process, because we believe objectively the recent events in Lebanon, had they continued, would have buried the peace process in the rubble," Mr. Shara said. Mr. Christopher endorsed the Syrian foreign minister's evaluation.



INDONESIAN RITE — A Balinese woman placing a sacred offering at Kuta beach, where the tourist season is reaching its peak.

Chinese Ban Widely Acclaimed Film

By Nicholas D. Kristof
New York Times Service

BEIJING — In a bleak omen for culture in China, the government has banned one of the nation's most acclaimed recent films after just a few showings.

The leaders had approved a censored version of "Farewell to My Concubine," which follows the lives of two Peking Opera actors through five turbulent decades of modern Chinese history.

But last week the authorities halted its release and distribution without explanation. The ban will not affect the film's release in the United States in the fall. But it means that

Chinese audiences will be unable to see the film in obscurity and almost no one hears about it. But to their huge embarrassment, quiet "exorcism" is impossible this time.

In May, "Farewell to My Concubine" was co-winner of the Palme d'Or, the top prize at Cannes. The other film was "The Piano," a romance set in New Zealand.

"Farewell to My Concubine" received the International Critics' Prize for "its incisive analysis of the political and cultural history of China and for its brilliant combination of the spectacular and the intimate."

The ban on the film is a retreat from what has overall been a process of cultural liberalization in China.

2 Palestinians, Latest Victims In Uprising, Die

Compiled by Our Staff From Dispatches

JERUSALEM — A Palestinian man shot by Israeli troops in the Gaza Strip died of his wounds Wednesday, and a second was killed in the West Bank when a bomb he was apparently preparing exploded, Palestinian sources said.

The sources said Munir Sindy, 27, had died in an Israeli hospital from gunshot wounds he received in a clash Tuesday with Israeli troops in Rafah. They identified the second Palestinian as Ali Mohammed Ahmed, 18, and said he was killed in a refugee camp in the occupied West Bank. The army said it was checking the bomb report.

In Gaza City, three Palestinians found guilty Wednesday of murdering Israeli settlers and suspected Palestinian collaborators drew prison sentences of up to 12 life terms. All three men were members of an armed wing of the Popular Front for the Liberation of Palestine, a faction of the Palestine Liberation Organization.

Chinese Base in Paracels Mapped by Japanese

TOKYO — A Japanese newspaper published Wednesday what it said was a satellite photograph showing for the first time the scale and location of a Chinese airfield on a disputed island in the South China Sea.

The photograph showed a 2,600-meter runway stretching northeast

from the southern tip of Woody Island, the Yomari Shimbu said. The 1.85-square-kilometer (0.7-square-mile) island is the largest of the Paracel Islands, which are claimed by China, Taiwan and Vietnam.

The newspaper said the airfield might enable China's military to control the air over the disputed Spratly Islands about 500 kilometers south.

China, Taiwan, Vietnam, Malaysia, Brunei and the Philippines claim all or part of the Spratlys. Beijing has already bolstered its territorial claim to the Paracels by deploying troops, including tank corps and anti-aircraft artillery, to Woody Island.

Turkey's Fading Role as U.S. Proxy to Emerging Central Asian Nations

Central Asia's ethnic strife. Only now are its policymakers acknowledging how difficult the region's ethnic and political crosscurrents can be.

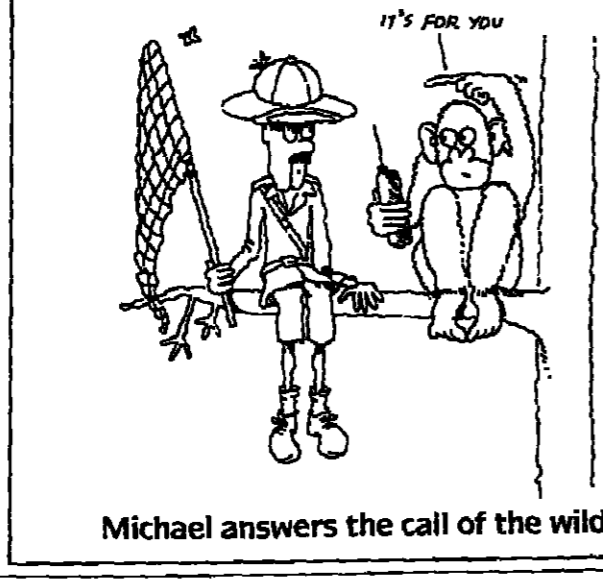
While Turkey has carefully avoided disputes with Russia, diplomats also worry that Ankara may end up at loggerheads with Moscow in the Caucasus, a region rich in oil where their historical rivalry has led to wars in centuries past.

Most of all, the chaos in Azerbaijan — the centerpiece of Turkey's regional aspirations — has exposed Ankara's reluctance to act as an aggressive patron, still less a protector. Its protégé in Baku, Abulfaz Elchibey, has been overthrown, devaluing Turkey's influence in the eyes of other countries farther east.

"Azerbaijan was the model to show what would happen in the future," said Nur Banur, the diplomatic editor of the *Istanbul daily Milliyet*. "Now they will be much more distant."

A Western diplomat said: "A couple of years ago, it was possible to talk of Turkey being the patron of Central Asia, but the results have been different. If they can't do it in Azerbaijan, who

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STATESIDE / FIGHTING, THEN LOSING

FEDERAL EMPLOYEES GET ABORTION COVERAGE

WASHINGTON — For the first time in a decade, federal employees will be able to obtain abortions paid for by their health insurance policies after abortion rights supporters won a critical vote in the Senate.

But opponents of abortion insisted that they would not let the action be a precedent for what is covered under national health care legislation that President Bill Clinton is expected to propose this fall.

Senator Barbara A. Mikulski of Maryland, who led five women Democratic senators who assembled the votes for Tuesday's 51-48 victory, said "it is possible that federal employees should have the same rights as employees in the private sector," where some insurance policies cover abortions. The government pays 60 percent of the cost of federal workers' health insurance.

She said the vote offered no forecast for how the issue of abortion in national health care would come out, except that it would be closely fought. But other supporters of abortion rights have said it was essential that these services be provided to federal employees under their insurance if there was to be a chance of winning them for the general public. (NYT)

3 Drug Use Surveys Found 'Questionable'

WASHINGTON — The General Accounting Office has found "questionable" accuracy and reliability in three federally funded annual drug use surveys that have been widely regarded as the government's best barometers for measuring progress in the war on narcotics. It said there were "methodological problems" that skewed the validity of the surveys, resulting sometimes in overly conservative estimates of drug use and sometimes in exaggerated estimates.

The three surveys the office criticized are the National Household Survey on Drug Abuse, the only drug use data project being conducted on a cross-section of American households; the High School Senior Survey, which tracks drug-use patterns and trends in public and private high schools; and the Drug Use Forecasting project, which studies drug use among hooked criminals and is used by local law enforcement agencies in planning anti-drug-abuse and treatment programs.

While calling the surveys "sophisticated" and "highly developed," the accounting office said they routinely omit some high-risk groups and rely too heavily on self-reporting techniques, which the congressional watchdog agency said were of questionable value. (WFP)

Senate Votes Smoking Ban in U.S. Buildings

WASHINGTON — The Senate voted to ban smoking in all federal buildings, including the White House, Congress and U.S. courthouses, except in specially designated areas that are ventilated separately from other offices. The proposal by Senator Frank R. Lautenberg, Democrat of New Jersey, was approved by voice vote as part of a \$12.3 billion appropriations bill for the Treasury Department, Postal Service and general government for fiscal 1994. While no similar provisions were included in the House version of the legislation, the House has gone further than the Senate in restricting smoking in its offices, and Senate supporters of a government-wide smoking ban expressed optimism that the House would go along with it. (WFP)

How to Get Your Congressman's Attention

WASHINGTON — So you think the politician you sent to Congress is a glad-handing, free-spending, backslapping, I'm-all-right-Jack yoyo who never listens to anything you say.

Contrary to what many Americans may believe, members of Congress care desperately about their constituents. They file hundreds of people to read mail, answer phones and write letters to folks at home who are angry or concerned about something. The trick is to get their attention.

In May, Western Union surveyed 79 congressional staffers to find out what really gets their attention. Eighty percent said they preferred the written word, giving personal letters "great importance."

Furthermore, 84 percent of the aides agreed that a personalized telegram would be sent "the same as a personal letter." This should be no surprise: Telegrams are what Waselec's Video-Deck used the survey was designed, in part, to get people to buy more. (WFP)

Nobel Laureate Picked for Health Post

WASHINGTON — Dr. Harold E. Varmus, the Nobel Prize-winning microbiologist of the University of California at San Francisco, has been picked by President Bill Clinton to head the National Institutes of Health. If confirmed by the Senate, Dr. Varmus would be the first Nobel laureate to lead the nation's premier biomedical research agency. (AP)

Quote/Unquote

President Bill Clinton, in a nationally televised address on his economic plan: "We can continue on the path of higher deficits and lower growth or we can make a fundamental change to improve our nation's economy by adopting my economic plan." (AP)

Senator Bob Dole, Republican leader in the Senate, replying to the president: "The world will not end if this bill is defeated." (AP)

Away From Politics

- Dr. Jack Kevorkian was present when a man in his 30s, suffering from amyotrophic lateral sclerosis, known as Lou Gehrig's disease, committed suicide in Detroit by inhaling carbon monoxide, the physician's lawyer, Michael Schwartz, said. The suicide was the 17th in Dr. Kevorkian's presence since 1990.
- Environmental officials believe that drinking water in parts of New York City became contaminated last week from sea gull droppings in a reservoir in Yonkers, just north of the city.
- Former President Richard Nixon wants a federal court to prohibit the scheduled release this month of four hours of his tape-recorded conversations about the Watergate break-in.
- In a sexual harassment suit in Philadelphia, Kathleen A. Frederick says she was desperate enough to be made a partner at a prestigious law firm that she slept with a prominent Republican attorney who had promised to help. When she broke off the affair, she claims, he got her fired instead.
- Chambering over two counselors, a black bear severely mauled a sleeping 13-year-old boy at a campground in the San Bernardino National Forest, in California, despite the efforts of a third counselor to fight the animal off. The boy was in guarded condition after surgery for head and shoulder cuts.
- If Californians pass a sweeping education-spending initiative in November, every parent whose child attends a private or parochial school will receive \$2,600 from the state to help pay tuition. But the money would come from the public schools, many of them already on the brink of financial disaster.
- Wellesley College, in Massachusetts, Hillary Rodham Clinton's alma mater, is expected to announce that its 12th president will be Diana Chapman Walsh, a professor at the Harvard School of Public Health. AP, NYT, WP, LAT

Epitaph of Great Flood Writ Large Across the Midwest

By Edward Walsh
Washington Post Service

ST. LOUIS, Missouri — Just before he and others evacuated the historic town of Prairie du Rocher, Ill., Ralph Minton, a retired farmer, had a message for the outside world, which had watched for more than a month as the great rivers of the Midwest swallowed communities and farms, including his.

"You can tell all them good people," he said, "that these people fought the good fight but they lost."

As the Great Flood of '93 begins to recede, Mr. Minton's words could serve as its epitaph.

Across a vast region from the Dakotas to southern Illinois, where the Mississippi River widens to accept the torrent still threatening additional flooding if more rain falls, people fought with sandbags, gravel and rock. Too often, they lost.

They watched homes and businesses fill to the roof with muddy river water, saw farm structures ripped from foundations by the current, wept when they returned home to walk across soggy carpets and survey mud-caked walls.

Their crops were ruined and their livestock drowned. The canneries washed downstream. At least 47 people have died.

The full economic cost to the region and the nation may never be known. Even preliminary estimates are sketchy.



Residents of Prairie du Rocher, Illinois, abandoning their efforts and seeking higher ground after they learned of another levee break.

Throughout the region, an estimated 38,000 homes and 20 million acres of agricultural land have been damaged, including about 8 million acres either submerged or too wet for farmers to plant. Some farmers are out of business next year as well. Some may never recover.

According to the National Weather Service, the flood touched the lives of people in a wandering area covering 16,000 square miles near the swollen rivers and creeks.

The zone of disruption and heartbreak is slightly less than one and a half times the size of Belgium.

These figures do not capture the scope of the disaster: lost or interrupted jobs; vanished tax revenues and tourist dollars; disruption of the transportation system as water forced closure of roads, bridges and railroads; and halted barge traffic.

More than a month after the worst of the flooding began, no bridges are open across the Mississippi from St. Louis almost 200 miles north to Keokuk, Iowa.

In Hannibal, Missouri, a ferry is scheduled to begin service this week for the more than 500 people in the area who depend on the river crossing to reach their jobs.

Not on the broad gauges of economic loss convey the impact of countless personal tragedies, from the death of a relative to the destruction of family mementos and the disappearance of a pet.

On Monday, Shannon Murphy, 29, of Indianapolis, visited Valmeyer, Illinois, which had been engulfed by floodwaters a day earlier. She brought a camera, she said, because her aunt, who owns a bar in the town, "couldn't bear to come down here."

"It's horrible," she said. "You can watch TV in Indiana, but when I saw my aunt's face it hit me as hard as if hit her because you know someone who's lost everything."

When leaves broke, as they have along the Mississippi and Missouri repeatedly in recent days, destruction arrived with sudden fury. According to state officials, more than 400 levees on the Missouri River in the state that bears its name were topped or damaged, while in Illinois 17 levees gave way along the Mississippi and Illinois rivers.

Most of these were privately owned earthen structures or controlled by levee districts. According to the Army Corps of Engineers, of 275 levees it maintains in the region, only 2 collapsed and 31 were topped.

Away from the scenes of dramatic levee breaks, the Great Flood of '93 advanced with slow, methodical destructiveness, with thousands of volunteers stacking sandbags.

"A tornado goes through, a hurricane goes through, it hits, it's gone and you begin rebuilding," said Mike Lawrence, press secretary for Governor Jim Edgar of Illinois. "This is just a different type of disaster. I'm not sure we've ever seen one like this."

"The most fascinating aspect of this flood is its duration," said Scott Kroczyński, a meteorologist with the weather service. "This flood is five from over. During the next five to six weeks, we're still vulnerable. If there is above-average precipitation, you could get a repeat of what we had."

Titan-4 Blast Cripples CIA Budget and Espionage Program

By Tim Weiner
New York Times Service

WASHINGTON — The explosion of a Titan-4 rocket over the Pacific destroyed its secret payload, an \$800 million spy-satellite system, wiping out most of the savings Congress took from the intelligence budget this year and damaging the nation's most expensive espionage program, government and intelligence officials said.

"Every penny we cut is gone," said a senator who fought to cut an additional \$500 million from the budget for spy-satellite programs requested by the director of central intelligence, R. James Woolsey Jr. The cost of replacing the spy-satellite system would exceed the savings wrung from Mr. Woolsey by

the congressional intelligence committees last month.

Together, the satellite system and the rocket cost at least \$1 billion, making Monday's explosion the most costly space accident in monetary terms since the 1986 Challenger shuttle disaster.

It will also cost the CIA time and money as the agency struggles to rearrange programs to buy and launch new spy satellites, the most expensive intelligence-gathering systems in the world, officials said.

They said the highly classified system destroyed in the explosion consisted of a trio of solar-powered ocean-surveillance satellites, each about the size of a small car, used by the navy to track foreign ships and listen to their communications. They denied press accounts that it was an even more expensive satellite system, code-named Lacrosse, that uses radar to take photographs from space.

Spy satellites now under development can cost up to \$2 billion each. They cost so much because they are handmade to exacting specifications — like a two-ton Swiss watch — and because they require elaborate security.

The new generation of spy satellites, which can see through clouds and listen in on generals in bunkers, cost so much that congressional intelligence committees and Mr. Woolsey spent hours behind closed doors this summer arguing fiercely over their future. In the end, Congress cut about \$1.3 billion from Mr. Woolsey's \$29 billion intelligence budget request.

The debate concerned the value of intelligence satellites over spies. While extraordinarily capable of tracking military movements, satellites cannot conduct conversations in bazaars, like a spy, or translate political broadsides and interpret economic data, like an intelligence analyst. The cost of Monday's explosion was roughly equal to the total annual pay of every spy and analyst at the CIA.

After the Challenger disaster, the nation's intelligence agencies relied solely on the Titan-4 to launch spy satellites. But there will be no new launches of espionage equipment until the air force determines what went wrong with the rocket that exploded — which cost \$200 million, according to the air force, though congressional staff mem-

bers say the figure is \$360 million.

The \$10.4 billion program for the Titan-4, built by Martin Marietta Corp., the largest aerospace electronics company in the world, was placed under review by the air force on Tuesday. The air force has commissioned 41 of the rockets, more than half of which are completed or under construction.

Colonel Stirling said the review could take several months. When the review is completed, the last remaining set of the ocean-surveillance satellites could be launched.

Replacing the lost spy satellites would put some strain on the comptroller's office's classified budget, which exceeds \$6 billion — more than three times the size of the State Department's budget and twice that of the CIA's.

But debate over satellites is itself a strain for the office, because almost everything about it has been kept secret.

On Budget, Clinton 'Converts' 4 in House

The Associated Press

WASHINGTON — President Bill Clinton welcomed House Democrats who abandoned their opposition to his budget Wednesday, and he went face-to-face with a wavering Democrat who could provide the margin of victory in the Senate.

Negotiators included a last-minute concession to wealthy taxpayers.

The Treasury Department announced that the nearly 1.5 million high-earning couples and individuals whose income taxes would be raised retroactively by the bill would be given until April 15, 1996, to pay their taxes.

The change was aimed at defusing a major complaint from Republicans, who unanimously opposed the plan.

There was no public hint that the deficit-cutting plan, with its \$241 billion of tax increases and promise of \$255 billion of spending restraints, would not pass the House and Senate later this week.

But there was a bit of nervousness among the more than 50 votes that are necessary to get it through the Senate.

Mr. Clinton, speaking after a visit to Capitol Hill for a closed session with House Democrats, said he thought that a victory in the House would mean "we'll carry it in the Senate. I don't think the Senate will let this plan go down," he said. "I don't think they will do that to the country."

making and hemming and hawing were based on the simple fact that the bill is a package of tax increases on gasoline, Social Security benefits and income — though 90 percent of them would fall on those making more than \$100,000 a year — and spending restraints that politicians are not eager to brag about.

Thus, Mr. Clinton repeated to House Democrats the message he had given in a nationally televised speech Tuesday night — that the bill is necessary to control a deficit that is undermining economic growth.

When that deficit is contained, the nation will "have an economy that creates jobs and lifts up the American people," he said.

Republicans hammered away at the fact the income-tax increases, which generally would affect only couples earning more than about \$180,000 and singles over about \$140,000, would be retroactive to the beginning of this year.

The Senate Republican leader, Bob Dole of Kansas, walked through the Capitol waving a draft of a Russian Constitution. Article 57, he said, bans any retroactive tax increase.

Senator Dole had argued strongly against retroactivity in his response to Mr. Clinton's television address Tuesday night. But by daylight on Wednesday, Democrats had a ready response that would ease a great deal of the retroactivity problem.

Negotiators and the administration agreed that any person whose

income taxes were raised by the bill this year will be allowed to pay the increase in three installments, one-third by April 15 in each of the next three years.

In addition, there would be no penalty or interest on the installments.

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Herald Tribune

Eugene T. Maleska, Times Crossword Editor, Dies

New York Times Service

NEW YORK — Eugene T. Maleska, 77, crossword puzzle editor of The New York Times, died Tuesday of throat cancer in Daytona Beach, Florida.

As the crossword editor, he chose 7,000 puzzles for the daily paper and The New York Times Magazine, sifting each year through more than 2.3 million clues that often jump-started readers' minds faster than their morning coffee.

President Bill Clinton, the subject of a puzzle in the magazine the weekend before his inauguration, finished it, in ink, "between spurts of speech-writing," correctly answering clues such as No. 24 across, "campaigner Clinton, trustfully" ("Arkansas Traveler").

Mr. Maleska combined a clue-

maker's eschism with a pookishness that was apparent in puzzles like one titled "Strip Tees." It had nothing to do with the buff or the rough, but with dropping the 20th letter of the alphabet. The answer was "Tim's time" ("Tiptoe Through the Tulips") and "nonrinker" was "reolator."

The Times' editorship was Mr. Maleska's second career — he was an English teacher and public-school administrator for more than 30 years before he became the crossword editor. But by the time he was appointed in 1977 to succeed Will Weng, his name was already familiar to puzzle fans. The Times had published dozens of crosswords that he had submitted as a free-lance contributor. Mr. Weng died in May at 86.

Mr. Maleska constructed his first puzzle in 1933, when he was a legal consultant to the European Parliament and was a member of the Court of Justice of the European Communities.

Born in Angola, Mr. Campinos was a founder member of the Portuguese Socialist Party. He served as secretary of state for foreign affairs in 1974-75 in one of the short-lived provisional governments after the 1974 revolution in Portugal.

Lauren V. Ackerman, 88, a cancer pathologist whose textbooks guided a generation of physicians and teachers, died of cancer Tuesday in Stony Brook, New York.

Toni Howard, 80, for more than forty years an American journalist in Europe and the author of six novels, died Tuesday in the south of France. She had been in poor

health. She came to Europe in 1942 with the U.S. Office of War Information after editing the magazine Victory in Washington. She worked for Newsweek and the Saturday Evening Post.

Cardinal Guido Del Mestri, 82, an Italian who spent more than four decades in the Vatican diplomatic corps, died Monday in Nuremberg, Germany.

Robert C. Coggrove, 74, a past chairman of Green Giant Co., maker of frozen and canned vegetables, died Sunday in Naples, Florida, after a long illness.

Martin S. Ackerman, 61, a businessman who specialized in financially troubled companies and closed The Saturday Evening Post amid protests at his dealings, died Monday in Manhattan, of acute sepsis after an operation.

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UN Says Serbs Control Key Peak at Sarajevo

By John F. Burns
New York Times Service

SARAJEVO, Bosnia-Herzegovina — Driving threats of NATO air strikes, Serbian nationalist forces moved Wednesday to complete their encirclement of Bosnian military units defending a mountain stronghold that has been crucial to Sarajevo's survival during 16 months of siege.

A spokesman for the United Nations military command said Serbian tanks and infantry appeared to have virtually trapped the Bosnian garrison atop Mount Igman, which guards the western approach to the city.

Bosnian commanders here dispatched hundreds of troops to reinforce the units defending against the Serbs, but they acknowledged that the situation was critical.

A UN spokesman, Lieutenant Commander Barry Frewer of Canada, said reports from UN military observers on the mountain less than 16 kilometers (10 miles) from the center of Sarajevo indicated that the Serbs had halted their advance at midnight on Tuesday, apparently to consolidate their gains.

General Rasim Delic, a Bosnian commander, said the Serbian forces had continued their assault on Wednesday with intensive attacks during the afternoon.

The Serbian attack continued a three-week offensive that has routed Bosnian forces along a 25-kilometer arc of mountainous terrain that had served as an outer shield for Sarajevo.

From Trnovo, 24 kilometers south of Sarajevo westwards to Malo Polje, a ski resort that was the site of events in the 1984 Winter Olympics, the Serbian forces have scored victory after victory against lightly armed Bosnian defenders.

With the fall of Malo Polje, the Serbs have captured half of Mount Igman and have tanks and artillery on the heights immediately above UN units that control Sarajevo airport.

By pushing toward the capture of Mount Igman, the Serbian military commander, General Ratko Mladic, appeared to be challenging the will of the North Atlantic Treaty Organization, which met in Brussels earlier this week and agreed to use air strikes against Serbian forces if the attacks on Sarajevo continued.

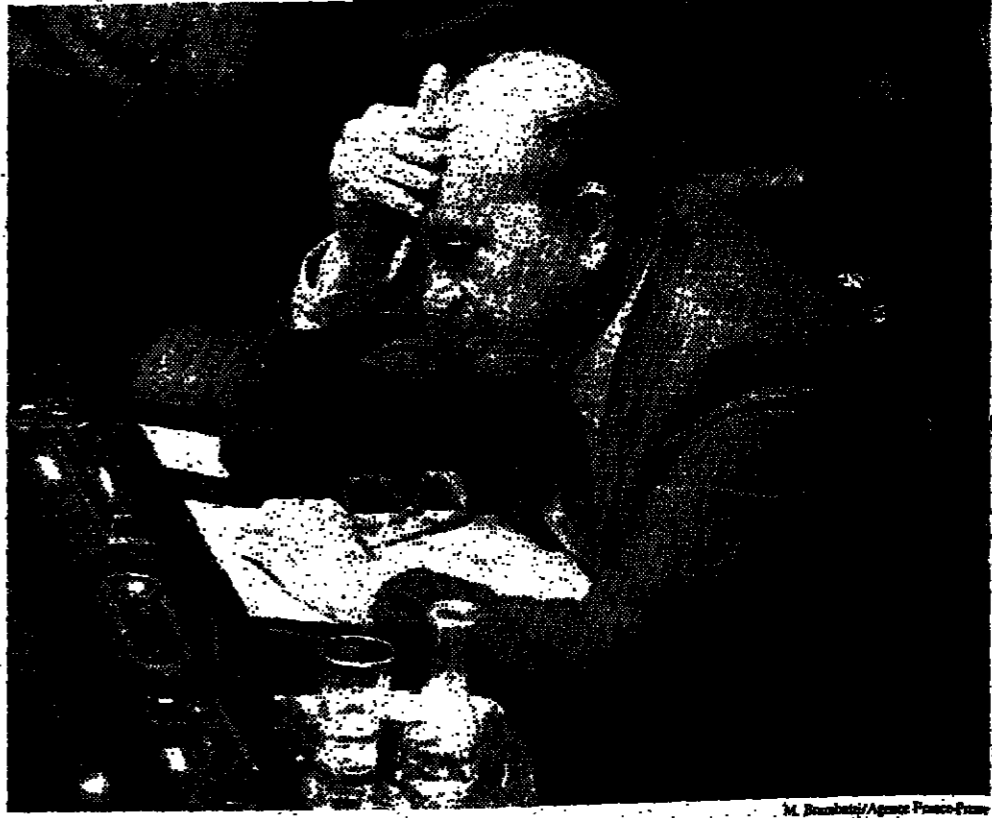
The NATO decision came under pressure from President Bill Clinton, who backed away from a plan to bomb the Serbian forces in April.

The divisions among the NATO partners, papered over in the decision that was reached in Brussels, appeared to have persuaded the Serbian commander that there was no immediate risk in continuing the offensive.

General Mladic was in a jaunty mood when he arrived for talks with UN officers at Sarajevo airport Wednesday afternoon, smiling broadly at reporters who asked him if his forces had captured Mount Igman. "Yes, sir," he replied in English. "Come and look."

Lieutenant Commander Frewer said General Mladic appeared to be in personal charge of operations and was "acting like a man who is questioning the extent that we or the West will challenge him."

In Geneva, where talks aimed at ending the war in Bosnia have stalled, the Muslim president of Bosnia-Herzegovina, Alija Izetbegovic, said he would end his three-day boycott of the negotiations.



Bettino Craxi in Parliament, which voted Wednesday to permit further inquiries into his affairs.

NATO: Who Will Be in Charge?

Continued from Page 1

tackers. But the United States seeks "decisive" attacks on Serbian defences, including Serbian military leaders who may be distant from any aggressive action.

The NATO communiqué called for "full coordination" between commanders and the United Nations, but that ducked the question of who would be in charge.

The UN secretary-general, Boutros Boutros Ghali, expressing support in principle for use of air power in Bosnia, nonetheless asserted in a letter to Secretary of State Warren M. Christopher that there could be no bomb attacks without his consent.

Canada and France, which have peacekeeping troops in Bosnia under UN command, want to give General Col. the senior UN commander, what amounts to a veto over any use of force by NATO. American officials do not agree.

With one exception, Washington's position is that NATO would give advance notice of any air strike to the UN Secretary and the UN command in the Balkans, but would not need to wait for a bombing request from UN commanders or specific authorization from UN headquarters.

The exception would come if aircraft were called upon to protect UN peacekeepers. In such a case, Washington believes Mr. Boutros Ghali is entitled to what one official described as "an icebreaker role," in which he would approve the first use of force but not block subsequent operations.

Underlying the question of command are differences over the scope of any air campaign. UN officials are proposing that air strikes be used only if a particular offender has been "clearly identified" and if the strike is "proportional" to the offense, according to a draft UN report.

BOSNIA: U.S. Warns Serbs of Risk of Air Strikes

Continued from Page 1

draw from the Bjelasnica Mountain or to stop his offensive before he completed the capture of Mount Igman on its lower slopes. Igman is the last government-held high ground on the south side of Sarajevo.

Mr. Karadzic, usually self-assured and smiling, seemed uncertain of himself in answering reporters' questions as he left the Palais des Nations conference site to fly with Mr. Milosevic back to Belgrade.

Lord Owen sharply criticized the Clinton administration and NATO for believing that air strikes against Bosnian Serbian forces would change the political or military equation at this late date.

He said the proposed use of NATO air power would have only "marginal influence" on the Bosnian Serbs without the deployment of ground troops, an option that he noted both the United States and

the European Community had rejected.

The "downsides and consequences" of using air strikes would become apparent, he predicted, as NATO resumed its discussions of the proposal at its ministerial meeting next Monday "and no doubt for some weeks after that."

Addressing reporters, he asked: "What would air strikes do apart from satisfying most of you, who seem to think that's the way to solve this problem?"

Mr. Karadzic blamed Mr. Izetbegovic for using the Serbian capture of the heights around Sarajevo as an "excuse" for boycotting the talks, which had already reached agreement on "many things."

However, Mr. Izetbegovic indicated that the two sides were still far apart on an acceptable partition plan.

Lord Owen appeared discouraged and even bitter when he talked to reporters, conceding for

the first time that the problems facing his peace conference were "quite considerable."

He said there was only one of two conclusions one could reach about the three Bosnian leaders, either that they did not control their military commanders or "they're all lying when they say they're ordering them to cease fire."

"I know which I think is happening," he added without further comment but apparently favoring the second conclusion.

"If you can't get people to talk, there will be war."

ITALY: Weary of Scandal, Lawmakers Revise System

Continued from Page 1

referendum in April 82 percent of the voters demanded an end to the political system that had enabled political parties to stay in power for so long, dominating 52 successive postwar coalition governments.

In a series of ballots, both houses of Parliament voted to replace the old system of pure proportional representation — which gave political parties enlarged powers — in favor of a new system under which three-quarters of the lawmakers will be chosen by a majority system similar to that of other European countries.

The remaining 25 percent will be distributed according to the proportion of votes received by parties, so as to offer smaller parties a chance of representation. The voting will be virtually the same for both the 630-seat lower house and 326-seat Senate, but there are some variations.

In the lower house, parties winning less than 4 percent of the vote

will be disqualified, a provision that threatens many of the smaller parties that are a distinctive feature of Italian politics. The new law on Senate elections makes no such provision.

The changes effectively mean that the current parliament — chosen under the old system — signed its own death warrant.

Few of those currently in office are likely to be re-elected. Almost 20 percent of the country's current legislators, including a slew of former cabinet ministers and prime ministers, have been implicated in the corruption and associated charges of collusion with the Mafia.

Political commentators are forecasting that, after a new election, the country's political lineup will be dominated by those whose escaped the corruption scandal — the former Communists, now known as the Democratic Party of the Left, in the center of the country, and the insurgent, separatist-minded Northern League.

Only in the conservative and crime-ridden south do Italian analysts expect the Christian Democrats, the bulwark of postwar Italian politics, to maintain a powerful showing, albeit under a new name, the Popular Party.

The picture, however, will probably be less clearly defined as reform-minded parties seek cross-party alliances.

"We are closing one chapter and opening another," said Mario Segni, a former Christian Democrat and the reformer who promoted last April's referendum.

"But the institutional battle continues," he said, referring to the effort to mold a new style of politics less dependent on tribal affiliations and closer to the U.S. system of large blocs.

The vote was a victory for Prime Minister Carlo Azeglio Ciampi, who took office in April at the head of an interim government committed to fiscal and political reform.

VOLUNTEERS: Americans Fight for Armenians

Continued from Page 1

those places. He appeared in Nagorno-Karabakh in 1992. Noted for qualities of leadership and discipline, he rapidly became the most highly regarded commander.

He was also said to have led an exemplary life. "He didn't smoke, he didn't drink — not cognac, not vodka, nothing," said a comrade who reveres the memory of Mr. Malkonian. This abstemious lifestyle made him stand out in this region of heavy drinking.

At the funeral in Yerevan, more than 50,000 turned out, including President Levon A. Ter-Petrossian. Far less heralded, in fact almost a secret, was the death of Garo Kahkhejian, 31, from Fresno, California. He was killed in the Armenian enclave by small-arms fire on June 26, according to Troy Kakhajian, his brother.

Armenians a few months ago. On a helicopter flight from Yerevan to Stepanakert, Mr. Buzirev sat stoically, his wounded leg resting against a barrel of gasoline.

He said the Russian troops had orders not to intervene in the conflict between Azerbaijan and the Armenians of Nagorno-Karabakh, but he does not understand this.

"As an army, we should protect civilians," he said, "and we live as we want to live."

Yuri Nikolayev, on the other hand, despised the Russian Army, he refused to be collected.

Yuri Nikolayev, on the other hand, despised the Russian Army, he refused to be collected.

set with him, and that 5 or 6 were still here.

All together, from a high of 200 former Russian soldiers fighting with the Armenians, 50 to 100 remain, Mr. Nikolayev said.

"Now an ally to the Nagorno-Karabakh fighters," of course, Mr. Nikolayev was an infantryman in the Soviet Army for 26 years, including a stint in Afghanistan.

"We want to be free on our land, to live as we want to live," Mr. Nikolayev said, speaking like a citizen of Nagorno-Karabakh, which he considers himself to be though born in Kazakhstan. "We do not want Azerbaijan here giving us orders, we do not want Americans, we do not want Russians."

COMFORT: Japan Admits Role

Continued from Page 1

had kept to themselves their knowledge of the way force was used to supply the network of brothels.

The report concluded that many of the women had been paid nothing and had lived as captives of the military. The system, it added, was operated over a period of 13 years, from 1932, when Japan was commencing its invasion of China, to the end of the war in 1945. The network, it was disclosed Wednesday, included Japanese, Chinese, Koreans, Filipinos, other Asians and even Dutch women captured in Indonesia, then known as the Dutch East Indies.

The report gave no figures, but historians have said that as many as 200,000 women may have been pressed into service.

"We shall face squarely the historical facts as described above instead of evading them, and take them to heart as lessons of history," said Yohei Kono, the chief cabinet

secretary, in a statement. "We hereby reiterate our firm determination never to repeat the same mistake by forever engraving such issues in our memories through the study and teaching of history."

In fact, one of the most heatedly debated aspects of Japan's wartime history is how little of it is taught to young Japanese. The years of anger over Japan's unwillingness to face its past grew to a head over the past decade after the Education Ministry began to force textbook authors to water down descriptions of Japan's role as an aggressor, China and then other Asian countries exploded in anger at what they considered a whitewash.

Mr. Numata noted Wednesday that high school textbooks all mentioned the existence of the "comfort women" but that no order had been given to the Education Ministry that texts be revised to reflect the new disclosures of the use of coercion.

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TRIAL: Light Terms in King Case Measure to Place Limits on Asylum Vetoed in Lisbon

Continued from Page 1

lines nor restitution. Niles Degrate, an unemployed black man who had waited outside the federal building for the decision, shook his head in disgust.

"I know brothers who've served more than that for traffic violations," he said. "Racism is alive and well in Los Angeles today."

People who gathered at the city's largest black church for a prayer vigil said they were shocked by the light sentences.

"The police force is supposed to protect and serve," Beverly Dangerfield said. "They're doing the crimes — just like a gang member."

Mr. King was not present during the hearing. His lawyer had said he might attend but also had expressed fears for his safety.

In April 1992, a state jury acquitted the four white policemen of all but one state charge in the beating of Mr. King. The verdicts touched off riots causing more than 50 deaths in Los Angeles and nearly \$1 billion in damage.

Federal civil rights charges were then brought against the four. In April, a jury convicted Sergeant Koon and Officer Powell and acquitted the other two. The city remained peaceful.

In his comments, the judge said the famed videotape was the key evidence in the federal trial and

guided him in trying to come up with a fair sentence.

"I have tried to treat all of the participants not as symbols but as individuals," Judge Davies said.

He accepted defense claims that Mr. King was combative from the moment police stopped him, that he resisted attempts to handcuff him, that he charged at Officer Powell, who was justified in inflicting baton blows at the outset.

But a minute and 27 seconds into the tape, he said, "Mr. Powell struck Mr. King and at that point crossed the line into illegal conduct." Likewise Sergeant Koon, the supervisor, crossed the line into illegality by failing to stop Officer Powell, the judge said.

Judge Davies also noted that the policemen had been acquitted in state court and had been indicted on federal charges. "An unusual circumstance," he said, "that has the specter of unfairness."

After the sentencing, Assistant U.S. Attorney Steven Gynzer asked the judge to order the defendants to be taken into custody immediately because of the violent nature of their crimes. But defense lawyers contended that they should be allowed to remain free on bail while they appealed their convictions.

Judge Davies recessed the hearing and was expected to announce his decision later in the day. (AP, UPI, Reuters)

Measure to Place Limits on Asylum Vetoed in Lisbon

LISBON — President Mario Soares has vetoed a controversial bill that would drastically restrict the right of refugees to asylum in Portugal.

The bill would eliminate asylum for humanitarian reasons, such as famine, as well as the right of an unauthorized refugee to have a hearing in Portuguese court before deportation.

Victims of political oppression and human-rights abuses would still be eligible for asylum.


Mr. Soares attacked the bill as anti-democratic and inhumane. The president invoked his own years as a political exile in France during the 30-year Salazar dictatorship in Portugal, the Portuguese daily *Diário de Notícias* reported Wednesday.

"We must not be miserly with a solidarity that has saved us in the past," Mr. Soares said.

Mr. Soares proposed a national referendum on the topic, which he said had received only "lightning consideration" in the legislature.

Under current law, the government is required to provide financial and financial assistance to refugees until their request is finalized, according to the newspaper *Público*.

INTERNATIONAL RECRUITMENT



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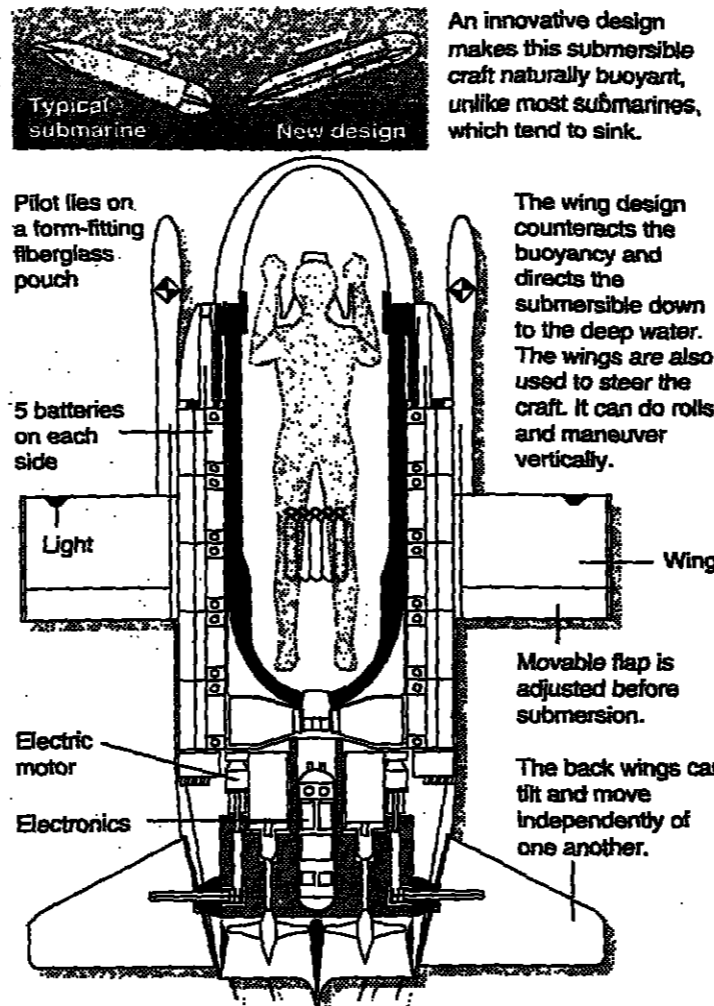
HEALTH / SCIENCE

A Race With Japan To the Sea's Bottom Sub's Goal Lies 7 Miles Under

By William J. Broad
New York Times Service
P OINT RICHMOND, California — As a boy growing up in London in the early 1950s, then as a young engineer, Graham Hawkes often imagined having been born too late to join the machine-shop daredevils who flew into the sky on a glider and, almost as an afterthought, founded the aviation industry.

prominent marine biologist who is his former wife and continuing partner in business and adventure.
"Movies like 'The Abyss' and 'Jaws' make people think the ocean is threatening," Mr. Hawkes continues. "It's not. It's very tranquil. Afterward you get yanked out into blinding sprays, waves and a heaving ship. But down there it's peaceful. You never want to come back. Ever since my first dive, I've gone back every chance I get."
His hundreds of dives include the world's deepest solo descent. In 1985, off San Clemente Island, he pierced the ocean's twilight zone in one of his miniature submarines and dived into total blackness, reaching a depth of 3,000 feet.

An Undersea Explorer's Buoyant Shell



An innovative design makes this submersible craft naturally buoyant, unlike most submarines, which tend to sink.
Source: Deep Flight
The New York Times
then limited its projected depth to about 4,000 feet.
Financed on the cheap, the project moved ahead slowly, largely with the labor of more than two dozen volunteers. By the late 1980s, two vehicles were largely finished, but the work slowed as the marriage came apart and the design team split up. Dr. Earle went to Washington in 1990 to become the chief scientist of the National Oceanic and Atmospheric Administration. The marriage ended in divorce last year. Yet the two continue to work together.

Sifting Lifts to the Libido For Aphrodisiacs, Evidence Is Scant

By Jane E. Brody
New York Times Service
NEW YORK — Just as we fertilize gardens to give nature a boost, throughout human history people have used a host of tricks to enhance sexual desire. Be they tantalizing scents, soothing lights, sensuous music, stimulating drugs, herbs, foods, drinks or even exercise, these tricks of the sexual trade are known as aphrodisiacs.
The name comes from Aphrodite, the Greek goddess of physical love. With low sexual desire now a leading psychiatric complaint, millions of people are seeking ways to excite their sex drives.
Many of the reputed aphrodisiacs, like ginseng and yohimbine, have been used for centuries by primitive — and not so primitive — cultures to enhance sexual interest and performance. Yet few have been put through a true scientific test.
Sex therapists, among others, maintain that the mind is the primary source of sexual arousal, so any test of a suspected aphrodisiac would also have to measure the placebo effect, the stimulation that results from just thinking one is being exposed to something that ignites desire.

FOODS
Ancient peoples believed that foods with the shape or qualities of sex organs were stimulating. In various cultures, avocados, carrots, cucumbers, figs, oysters, pomegranates and tomatoes were assumed to have aphrodisiac properties.
More likely to be effective, Dr. Watson maintains, is a well-balanced diet replete with fresh vegetables and fruits and lean sources of protein supply essential nutrients but keep calories low enough.
DRUGS
Many widely used drugs — including various remedies for high blood pressure, high cholesterol and depression, and some contraceptive drugs — can suppress libido, potency or orgasmic ability.
But a few medications have the reverse effect, though they are not prescribed for this purpose. Besides Wellbutrin and Edepreyl, they include L-dopa, used to treat Parkinson's disease; oxytocin, the hormone used to stimulate labor, and Estratest, a hormonal combination used for menopausal women.
Recreational drugs, including alcohol and marijuana, are counterproductive. While some loosen inhibitions, all can impair performance.
HERBS
Ginseng, for all its popularity, has no specific effects on sexuality. Yohimbine does stimulate blood flow to the genitals, but has serious toxic side effects.
Dr. Watson discusses the effectiveness of the olive-like berries of saw palmetto and infusions made from damiana, a shrubby plant that grows in the deserts of Texas and Mexico. She also endorses wild yams and licorice as well as the herb ginsu kola, a kind of cola nut.
EXERCISE
Several large studies of men and women have attested to the libido-enhancing effects of regular exercise. As a relaxant, body toner, energy booster, antidepressant and confidence builder, it may well be the most accessible, safest and most effective aphrodisiac available, and it has lots of other benefits.
TIME-HONORED TRICKS
Well-worn but often successful measures include dim lighting or candlelight, a walk in the starlight, the subtle use of scents, romantic music, titillating garments, wine (in moderation) and a light but wonderful meal.
A FINAL THOUGHT
The most potent aphrodisiacs, according to Dr. Stephen B. Levine, a Case Western Reserve University professor of psychiatry who studies aphrodisiacs, are "psychological intimacy and voyeurism — looking at pictures or movies of people engaged in genital or romantic interplay."
And, finally, novelty — in personal appearance or physical location — is a well-known stimulant that helps to keep clothing manufacturers, hairdressers and motels in business.

Sleep: An Antidote to Infection?

By Sandra Blakeslee
New York Times Service
NEW YORK — A college student goes two nights without sleep to cram for exams and on the third day comes down with a cold. A night-shift employee begins working days and gets the flu. A surgery patient who is awakened four times a night in the hospital begins to recover only after going home and getting a good night's sleep.



Dr. David Dinges monitoring the physical effects of sleep deprivation on a subject.

Are these situations coincidental? Or do they show that sleep loss promotes illness? Despite intense interest in the question, sleep researchers have been hard pressed to show exactly how sleep influences human health and disease.
But now a burst of findings is beginning to shed light on the ultimate purpose of sleep, and in particular on the convoluted interplay between sleep and the immune system. Experiments suggest that the immune system is somehow repaired or bolstered during sleep and that it, in turn, has a role in regulating sleep.
Sleep is divided into periods of so-called REM sleep, characterized by rapid eye ball movements and dreaming, and longer periods of non-REM sleep. Neither kind of sleep is at all well understood, but REM sleep is assumed to serve some restorative function of the brain.
The purpose of non-REM sleep is even more mysterious. The experiments, such as those described for the first time at a recent meeting of the Society for Sleep Research in Minneapolis, suggest intriguing explanations for the purpose of non-REM sleep.

opposite happened. The subjects' immune systems went into overdrive, seeming to respond to sleep deprivation as if it were an invading organism like a bacterium or virus.
In a study of AIDS patients, researchers found abnormal fluctuations of an immune system chemical that in healthy people is released rhythmically during sleep. The abnormality may help explain debilitating daytime fatigue in AIDS.
This immune factor may also be related to a nightly rhythmic connection of the small intestine, researchers said, raising the distinct possibility that the intestine sends a sleep-promoting signal to the brain via the immune system. In this view, the bowel may be telling the brain to go to sleep so that it and other organs can carry out house-keeping functions.
Sleep serves many purposes, said Dr. Harvey Moldofsky, director of the University of Toronto Center for Sleep and Chronobiology. Apparently, animals sleep to regulate body temperature, organize memories and replenish the immune system, he said.
But most research has focused

on sleep as a brain phenomenon, ignoring the rest of the body. The cells, organs, hormones and immune factors in the periphery may, like the brain, contain molecular clocks that help drive daily sleep and wake cycles, he said.
Dr. James Krueger, a physiologist at the University of Tennessee in Memphis, has investigated the idea that sleep factors — the molecules that promote sleep — build up in the bloodstream during the day and, when they reach a high enough concentration, make people drowsy.
SUCH sleep factors would be only one mechanism for promoting sleep, he said. Others might kick in during an infection, for example, or on a hot summer day or after Thanksgiving dinner. Although the mechanisms of the various sleep factors would be different, he said, they may interact with and compensate for each other.
Dr. Krueger is focusing much of his research on cytokines, messenger chemicals of the immune system that are associated with white blood cells. These substances, which make up the front line

against infection, are also found in the brain, although whether circulating cytokines converse with or exert control on brain cytokines is not known.
When cytokines like interleukin-1 (IL-1) and tumor necrosis factor are injected into animal brains, the animals fall asleep, Dr. Krueger said. It may be that these molecules promote sleep in some regions of the brain and not others, so that the whole brain does not sleep at once, he said.
Dr. David Dinges, a psychiatrist at the University of Pennsylvania, is testing the effects of sleep deprivation on healthy men and women, meanwhile. There is a long-held belief, based on very little evidence, that going without sleep will make you sick, he said.
Some studies have shown that medical students taking exams, caretakers of patients with Alzheimer's disease and people in bereavement have reduced lymphocyte counts — the T cells and B cells that combat infection — and decreases in other immune system cells, he said. The idea is that people in crisis who may not be sleeping well have depressed immune systems.

IN BRIEF

4 Mayan City Sites Are Found in Belize
NEW YORK (NYT) — Four sites of ancient Mayan cities have been discovered in the mountains of southern Belize, an area previously thought to contain few if any significant ruins of the pre-Columbian civilization, the National Geographic Society has announced.
The discovery appeared to fill in a significant geographical gap in the vast network of Mayan Kingdoms, which in the classical period from 250 to 900 A.D. ranged from the Yucatan Peninsula in Mexico in the north through Belize, Guatemala, Honduras and El Salvador.
The ruins, which are in a few miles of each other and date back to the classical period, were found in the jungle region of the Monkey River by an expedition supported by the society.

Peter S. Dunham, an archaeologist at Cleveland State University in Ohio who made the discovery, described the four sites as "substantial Mayan centers, with sizable buildings rising from the jungle and reservoirs still containing water." He estimated that the population of the four sites was about 3,000, small compared with some of the more magnificent cities like Tikal but not insignificant. Mr. Dunham said the cities probably served as bases for mining minerals and harvesting plants for trade with the larger Mayan cities.

A Less Toxic Form Of Taxol Developed
NEW YORK (NYT) — Scientists have created new forms of taxol, a cancer drug, that may allow patients to avoid a potentially serious side effect.
Currently, some patients who get infusions of taxol suffer allergic reactions that include wheezing, a rash and changes in blood pressure. That problem, which occurs in fewer than 10 percent of taxol recipients, can force a halt to the infusions, said Dr. Avi Einzig of the Albert Einstein College of Medicine in New York.
The reaction appears to be caused by an oily substance that doctors include in the infusions because taxol resists dissolving in water, Dr. Einzig said. In the journal Nature, scientists reported developing new forms of taxol called prodrugs that dissolve in water by themselves and that work about as well as taxol against cancer cells in the test tube.

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Herald Tribune

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Europe Learns as It Goes

Europe's latest monetary breakdown is more embarrassing than crisis. But embarrassing it is, especially to the Eurocrats of Brussels who had vainly tried to decree a kind of financial union before real coordination of national monetary policies had been achieved.

Incumbents Under a Cloud

If President Bill Clinton needs cheering up about the state of his popularity, he could send for the latest polls on Prime Minister John Major. The Conservative leader is at rock bottom with a 19 percent approval rating.

This Anti-Deficit Plan Is It

The Democrats withholding support for President Bill Clinton's budget need to ask themselves the question, compared to what? The most frequent criticism of the plan is that it contains too few spending cuts.

Enough of This Unnecessary Carnage in the Balkans

By Joseph Brodsky

NEW YORK — As America lies in its state-induced moral stupor, lots of people die violent deaths all over the place, particularly in the Balkans.

A United Nations resolution should demand the immediate establishment of a demilitarized zone on the territory of Bosnia and deployment of UN troops.

purpose is to keep them in power for as long as physically possible. For want of any binding issue (economic or ideological), it is prosecuted under the banner of a retroactive utopia called nationalism.

Hence, the slow but steady pace of carnage. Its continuation is these men's insurance.

What should and can be done, if anything, save direct military intervention in the region, for which America's expensive military, fully deployed to defend its sexual integrity, apparently has no stomach?

First, the "stouids."

The United States should immediately introduce and expedite a United Nations resolution demanding the immediate establishment of a demilitarized zone on the territory of Bosnia and deployment of UN troops on the ground for this purpose.

The membership of the former Yugoslavia in the United Nations should be extinguished immediately.

Its flag flies outside UN headquarters, legitimizing the Serbian leader's claim that he is the sole guarantor of Yugoslavia's integrity and that the bloodbath he unleashed is a struggle against secessionists.

This membership also entitles Serbia to Yugoslavia's substantial foreign assets (approximately \$6 billion), which by now have virtually all been spent for the prosecution of Serbia's military campaign.

The remaining assets, as well as the property of the former Yugoslavia, should be immediately seized. Its embassies, consular offices, airline and other administrative representations should be closed, given up for rent, and the proceeds should be diverted to relief programs.

Diplomatic recognition — in whatever form it currently exists — of Serbia and Croatia should be withdrawn and not restored as long as the current heads of these states remain in power and as long as the territorial gains made in the course of hostilities by any party are not relinquished.

Now, this is not much to ask from America's reasonably expensive State Department. Because this would be just, it can be done unilaterally by the United States. Justice doesn't need a consensus; it's the other way around.

Serbia, the unquestionable aggressor, should be obliged by UN resolution to carry the full burden of reparations.

unquestionable aggressor, should be obliged by UN resolution to carry the full burden of reparations.

Don't Give Totalitarian Beijing an Olympic Stamp of Approval

By Jim Hoagland

WASHINGTON — Totalitarian regimes do not lie for temporary advantage, as most governments do on occasion. They lie to change the very concept of what truth is and to maintain control.

You would think that the CIA hardly needs to be reminded of that. But the question is raised by an enthusiastic report on economic growth in China presented to Congress by the agency last week.

Let's See Who Cares About the U.S. Budget Deficit

By E. J. Dionne Jr.

WASHINGTON — A few years ago, the supply-side economist Paul Craig Roberts was poking fun at the passionate advocates of deficit reduction, something he is still in the habit of doing.

avoid specifics. "If you would like it later, I will give it to you later," he said. But for Ross Perot, "later" never seems to come.

Despite all the talk in the 1992 campaign, the budget deficit still is more a symbol of government's failures than something that people are willing to do much about.

should be levied only upon members of those two groups. If they care about the deficit as much as they claim to, surely they wouldn't mind.

importance of the deficit. Fat chance. The dominant reaction among traditional deficit doves has been to criticize him for doing too little to criticize him for doing too much.

While the president is out there getting smashed up, the deficit junkies snuff that he has "failed to take on entitlements" and "doesn't ask enough from the middle class" and so on.

chiny into the ravaged parts and advertise for jobs paid in convertible currency — to create alternative employment.

An ethical man does not need a consensus of his allies in order to act against something he finds reprehensible.

arms. That will not accomplish much but may ensure a longer cease-fire than anything signed in Geneva.

The idea here is that of buying people out of the war; avarice may prove a better peacemaker than any virtue. Were it not so, the Europeans would still be sending their own — quantitatively far superior to the Balkans' — old scores.

The main thing for the West and for the United States in particular is not to go by the economic agenda set forth by the thugs in Belgrade or Zagreb, the way the Vance-Owen team did. We should impose our own upon them.

For that, of course, we ought to have one. The treatment of the matter by the U.S. administration, while politically expedient, is ethically scandalous. People in Bosnia are digging what they now call "Clinton graves." The man deserves this; his country doesn't.

An ethical man does not need a consensus of his allies in order to act against something he finds reprehensible. And America is still theoretically an ethical country, judging at least by the standards in the federal case of Rodney King's beating. What is taking place in the Balkans is much worse than the contents of the King tape and it takes place daily. It is called murder and it comes to you live.

Failing to have our own agenda, failing to respond to the Balkan carnage either aggressively or imaginatively, we Americans at least should not allow our pundits to obscure the sight of human blood with their well-paid verbiage.

When it comes to murder, it is better to feel ashamed and impotent than informed.

In any case, we should bear in mind that all this needn't have happened. That once it began, it could have been stopped. The fact that it has not been stopped means that its continuation is to somebody's advantage.

We may ask, to whose? After all, as Americans are, we are also a country of the bottom line. If somebody who can stop a bloodbath doesn't do it, it means that he profits from it.

I suggest three names: Milosevic, Karadzic, Tudjman. You are free to make your own list.

You are also welcome to ponder whether the notion that America is an ethical country is a lie.

Mr. Brodsky, the poet, received the Nobel Prize in Literature in 1987. He contributed this comment to The New York Times.

and equal the United States in global al clout is far fetched. It is reminiscent of the long-term projections, based on short-term facts, of the early 1970s that Arab oil states would soon overtake much of America and dominate the world economy.

Much of the impressive amount of foreign investment pouring into China today is hot money, seeking a temporary home while the investment markets of Japan, Europe and the United States seem unpromising.

China says it harvested \$57.5 billion in foreign investment in 1992, three times the 1991 figure. But 85 percent of that money came from three sources: Japan, Taiwan and Hong Kong. It was concentrated in textiles and other low-tech items like toys and shoes (the goods that form the bulk of China's burgeoning trade surplus with the United States).

This is low-wage manufacturing that is no longer profitable in Japan, Taiwan and Hong Kong. It can be quickly moved to even lower wage areas such as Indonesia as they open up. Economic competition, as well as political turmoil and galloping inflation, threaten the vision of an economically mighty China that Beijing's supporters and unquestionable analysts praise.

China's bid to host the Olympics in the year 2000 is an even more audacious effort to portray itself as a normal state — to use the international community to prove that the massacres of pro-democracy demonstrators in Beijing in June 1989 did not happen, or no longer matter. The Chinese Communist seek the Olympics as an international seal of approval for their continuing massive human rights abuses, not as an opportunity to open up their system.

The International Olympic Committee, meeting in September, to choose among Beijing, Sydney and four other contending cities, cannot allow itself to be oblivious to the cynical purpose of Communist rulers accustomed to manipulating history. The committee has a chance to tell the truth about China and avoid becoming part of a totalitarian lie told by a dying dictatorship.

The Washington Post.

The Washington Post.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Musical Dispersal PARIS — The report that the Prefect of Police intended to enrol a band for police drummers, to officiate whenever it became necessary to read the Riot Act, is officially contradicted.

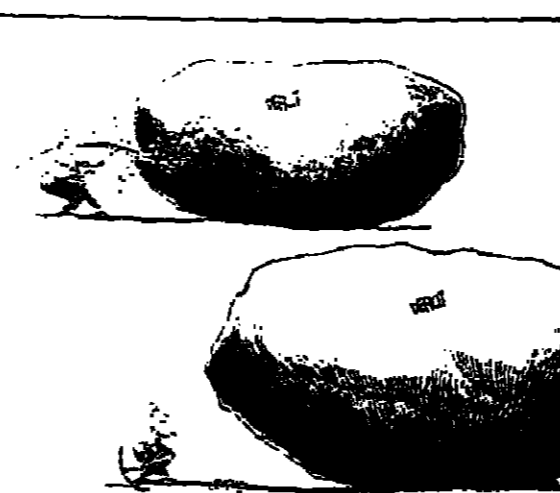
1943: Badoglio Defiant LONDON — [From our New York edition:] Italian declarations by press and radio indicated today [Aug. 4] that Premier Marshal Pietro Badoglio's regime was binding Italy closer to the Axis and stiffening the will to fight on.

1918: Troops to Siberia TOKIO — The following is an extract of the Government's declaration, published Aug. 3: "In view of the German and Austro-Hungarian menace to the Czech-Slovak troops in Siberia the Allies naturally felt that they could not look upon such a bad turn of the events with indifference.

The Japanese Government will immediately proceed with the grouping of the forces necessary for the expedition. The Government reaffirms its policy of refraining from any interference with Russian home affairs."

Even the business elites whom Mr. Roberts skewered for being so deficit-obsessed have shown that other things (like their bottom lines) matter a lot more to them than the deficit. Thus has the National Association of Manufacturers fought Mr. Clinton on almost any taxes that might affect its members.

By taking on the deficit, Mr. Clinton hoped that he would at least get a nod from those "opinion leaders" who are supposed to understand the



International Herald Tribune advertisement listing staff members: KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER, RICHARD MCLEAN, JOHN VINOCCO, and others.

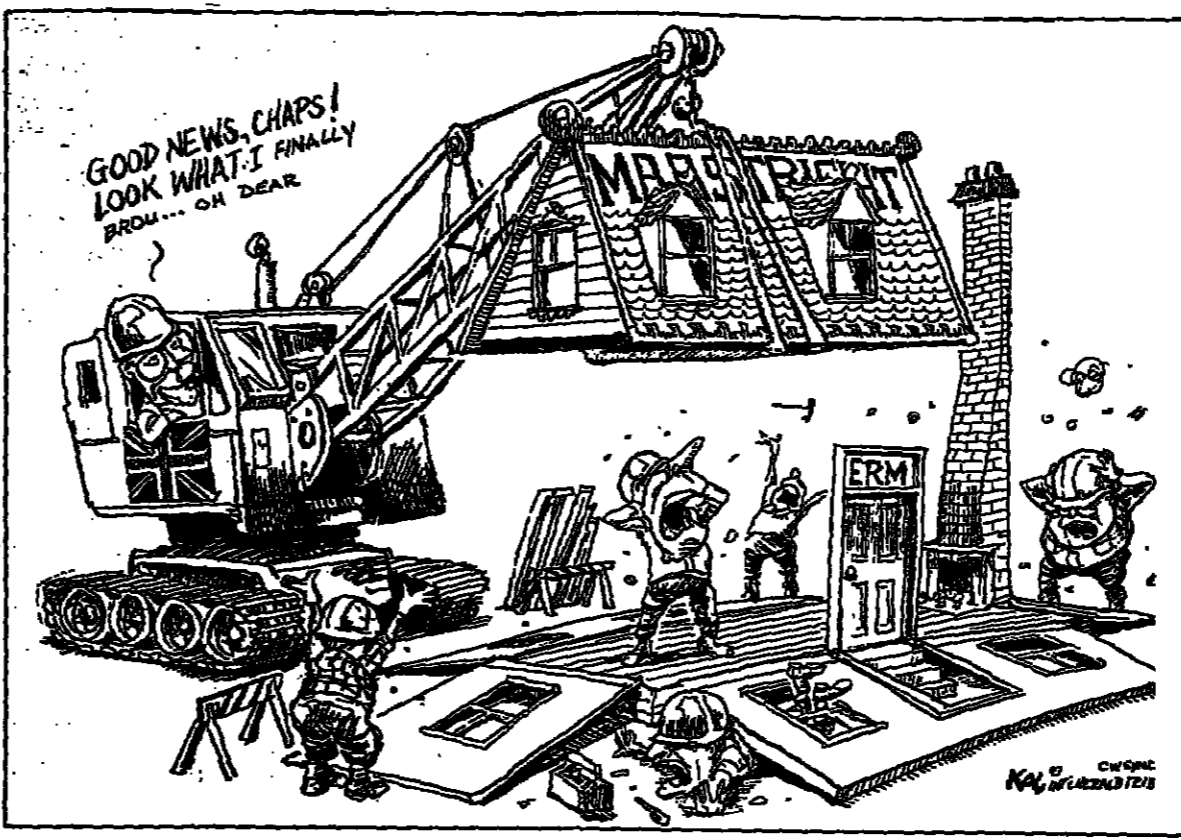
OPINION

ERM, Trade: Who Treats Real People's Problems?

By William Pfaff

PARIS — The currency storm which swept through Western Europe this past week is the one more grievous blow to European cooperation, caused by an arrogant assumption that governments can dictate the values of their currencies...

The new head of the GATT organization, Peter Sutherland, has criticized me on this page (Aug. 3) for columns that raised questions about certain arguments I have made with respect to free trade...



Dancing on the Grave Is Foolhardy Exercise

By Roy Denman

LONDON — The British are dancing on what they think is Europe's grave. Currency turbulence has forced a radical loosening of the Community's exchange-rate mechanism...

Of course the movement to a single currency is bound to be slow and difficult. Different national histories will mean that giving up sovereignty will be a multi-step affair.

MEANWHILE

debate in the House of Commons: "Some of us want to move to an economic and political union. But no one is forcing the British to join."

The British were not occupied during the war, and suffer from an acute attack of sovereignty and 19th century illusions of grandeur; they are determined not to accept anything beyond a commercial arrangement.

LETTERS TO THE EDITOR

A Focus on Migration

In response to "Migrants on the Move to Rich Neighborhoods" (Opinion, May 7) by Jim Hoagland: Mr. Hoagland is right: "Governments are slowly accepting that they must mold policies toward the Third World to prevent sudden, disruptive population movements..."

leaders stressed the need to tackle the root causes of increased irregular migration. The OECD ministers enjoined that organization to continue its analysis of migration trends and policies, including the interlinkages between migration and such issues as development cooperation, international trade and private investment.

that is based in poverty and persecution, and making the "stay" option a viable one, is in everyone's best interest. It is critical to our long-term ability to manage migration in a way conducive to world peace and stability.

Serbs and Croats wanted to secede from Hungary, and the Czechs in Hapsburg Bohemia agitated for independence until the Austrian emperor turned his heavy guns on Prague. When the Austro-Hungarian empire collapsed in 1918, no one was surprised.

eration with a Palestinian state and Jordan, and eliminate as a result all barriers to the free movement of people, wealth and investments between the three states.

cut off your ear if they don't like your face." This desire to be politically correct, however, leads to utter idiocy when it is deemed "unacceptable" that the revised Disney lyric continues to term the region "barbaric."

BOOKS

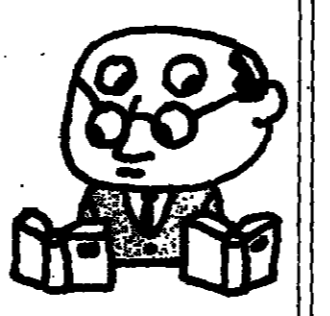
LOVE AND FRIENDSHIP

By Allan Bloom. 509 pages. \$25. Simon & Schuster. Reviewed by A. S. Byatt: RETURNING to lecture at Cornell University after 20 years, Allan Bloom tells us, he was faced with a student banner — a bedsheet unfurled — that read "Great Sex is better than Great Books."

such large projects he sounds both wise and supremely sane, and at the same time cantankerous and cunningly. He starts with Kinsey, for whom he feels a moderate admiration, a well-meaning student of behavior whose intention was to liberate men and women from unnecessary shame over statistically "normal" inclinations, and goes on to Freud, remarking tartly, reading Freud is the most unheroic experience one could imagine.

WHAT THEY'RE READING

Renato Curcio, founder of the Italian extremist Red Brigades and now director of a publishing cooperative in Rome, is reading Doris Lessing's "The Grass Is Singing" and Bessie Head's "The Collector of Treasures."



BRIDGE

By Alan Truscott

THE playoffs to determine the 1993 United States teams ended in Memphis in June with an East Coast squad exacting revenge for an earlier defeat. The team won the final match by 119 imps, and will go to Chile in September along with another team.

mond eight. He was relieved to find that he had avoided an overtruff, and made the remaining tricks by crossing to the spade ace and drawing trumps. In the replay North-South reached the more obvious contract of six-no-trump, and Bergen's team gained 12 imps.

could undo our new tendencies to see ourselves as simple, functioning organisms in societies where the ideal is to be different only in ways that have their own "liberation" campaigns. But he wanted to make us think, and in that he succeeds.

sen texts, on the assumption that the writers were more intelligent than he himself, that they knew what they were doing and that it is best — most delightful, most useful — to talk about them in their own terms.

Advertisement for Sprint Express international calling service. Includes text: "How to make an international call without Sprint Express." and "How to make an international call with Sprint Express." It features a list of countries and phone numbers, and a cartoon character.

West led the diamond two.

West led the diamond two.

West led the diamond two.

West led the diamond two.

West led the diamond two.

NYSE

Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

High Low Last Open

Symbol	High	Low	Last	Open
IBM	112 1/4	111 3/4	112 1/4	111 3/4
MSFT	41 1/4	40 3/4	41 1/4	40 3/4
ORCL	43 1/4	42 3/4	43 1/4	42 3/4
INTL	10 1/4	10 1/4	10 1/4	10 1/4
DIS	34 1/4	33 3/4	34 1/4	33 3/4
WMT	48 1/4	47 3/4	48 1/4	47 3/4
AMZN	18 1/4	17 3/4	18 1/4	17 3/4
GOOG	100 1/4	99 3/4	100 1/4	99 3/4
MSFT	41 1/4	40 3/4	41 1/4	40 3/4
ORCL	43 1/4	42 3/4	43 1/4	42 3/4
INTL	10 1/4	10 1/4	10 1/4	10 1/4
DIS	34 1/4	33 3/4	34 1/4	33 3/4
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AMZN	18 1/4	17 3/4	18 1/4	17 3/4
GOOG	100 1/4	99 3/4	100 1/4	99 3/4

صحة من الأصل

France Avoids Quick Rate Cut After ERM Flap

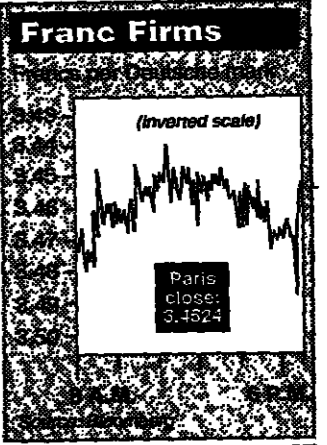
By Barry James
International Herald Tribune

PARIS — European governments and France in particular appeared determined Wednesday to avoid cutting interest rates too quickly or too deeply, despite the effective collapse this week of Europe's exchange-rate system that had kept rates high.

Amid rising political division about how to revive prosperity, the French government stood tenaciously by its strong franc policy. Financial markets waited in vain for signs of further significant cuts in interest rates, following a move downward by some countries earlier this week. Germany trimmed its short-term repurchase rate for the second time in two days, by 0.10 of a point to 6.70 percent, in what appeared to be a gesture of conciliation to France and other members of the exchange-rate mechanism.

There were indications that France and other ERM governments view the weekend's currency crisis not as a fundamental change in European monetary policy but as a quick fix to release the pressure caused by speculators betting that the franc and other currencies would fall against the Deutsche mark. On Monday, governments widened the margins by which currencies are allowed to move to 15 percent on either side of a central rate, from 2.25 percent.

"The French, Belgians and Danes all want to get their currencies so that they are not far away from the old bands and if possible within the old bands," Robert Thomas, head of research at NatWest Capital Markets, told Reuters. Indeed, the Belgian franc



was trading on Wednesday within the old 2.25 percent margin.

Sir Leon Brittan, a vice president of the EC Commission, said in a radio interview that "there's an overwhelming desire, even though there's been a setback, to work towards monetary cooperation and the ultimate goal of monetary union."

The widening of margins for all ERM members except Germany and the Netherlands gave France the option of cutting its interest rates. But if it does this, the franc's value might tumble, upsetting the government's policy of keeping a strong currency closely tied to the Deutsche mark. Prime Minister Edouard Balladur earlier said he would resign if the franc is devalued.

Mr. Balladur told a cabinet meeting Wednesday that the country's economic policy "will be stamped with the seal of continuity," according to the government's spokesman, Nicolas Sarkozy — an indication

See FRANCE, Page 11

U.S. Plan Puts Cart Before Horse

Deficit-Cut Benefits Already Felt, but Consumers Fret

By Lawrence Malkin
International Herald Tribune

NEW YORK — As an exhausted U.S. Congress gropes toward a vote on President Bill Clinton's deficit-cutting plan Thursday, most of the program's immediate effects on the economy have already been felt in low interest rates and the knowledge that remaining national income is bound to be a drag on growth.

The main impediment lies in the minds of the American consumer and investor, and

mean the nation has at last begun to attack the deficit, or as Mr. Clinton said in a Tuesday night address appealing for support, "there is no more something for nothing."

But there is no doubt that cutting government spending and raising taxes can only serve as a drag on the U.S. economy. Virtually no forecaster sees output growing faster than 3 percent next year, and the consensus this year is for an increase of about 2.5 percent, which is also the government's forecast.

Analysts quantify the fiscal drag to pay for

rates for corporations and even more in mortgage rates and automobile loans, helping to stimulate industrial investment, housing and auto sales. But interest rates are nearing bottom, while the deficit squeeze is programmed to continue for five years into the start of Mr. Clinton's second term — if he wins one.

That was the principal economic rationale for the administration's \$25 billion program to stimulate the economy by spending on jobs for youth, construction projects and other programs that Congress rejected earlier this year as it picked up the angry anti-government mood raging in the nation.

One of the intellectual godfathers of that plan, Robert Solow of the Massachusetts Institute of Technology, originally advocated a stimulus of \$60 billion to \$70 billion, much of it funneled to local governments with projects ready to go.

"Right now, I would settle for \$25 billion," said Mr. Solow. "It is a good idea to strengthen the patient before you administer the bitter medicine on the deficit so that he will not be so weak when he gets it."

As for the boost from lower interest rates, he said they were more of a stabilizer than a stimulant because they came mainly from the weakness of the economy, and "interest rates alone are not enough to help it get up and going."

But for the present, lower interest rates are all Mr. Clinton has, which explains why he

See DEFICIT, Page 13

It's layoffs, layoffs, layoffs that matter to most people because they wonder whether their company is next.

Jason Bram, the Conference Board

the party of the past decade at about half a percentage point in growth, which means a loss of perhaps \$25 billion in annual output from what it would otherwise have been if deficits continued at the old rate.

Right now this drag is being offset by the decline of more than one percentage point since last fall's election in long-term borrowing

NEWS ANALYSIS

no one can predict that with any certainty. Specialists in consumer sentiment say the dismal job outlook weighs far more heavily on ordinary Americans' economic behavior than anything politicians do in Washington. The current low interest rates, although beneficial to the economy, are a symptom of weak growth, not by themselves a cure.

"It's layoffs, layoffs, layoffs that matter to most people because they wonder whether their company is next," said Jason Bram of the consumer research center of the Conference Board, a business think tank. "We find that politics has only a peripheral effect. The five-year projections of the real economy are just as risky as the overly precise projections by congressional leaders that the next five years will mean \$496 billion less in federal red ink. What matters to the economics profession is that passage of the plan will

Murdoch Hastens to Reassure Mahathir

By Kevin Murphy
International Herald Tribune

HONG KONG — Responding to criticism by the Malaysian prime minister, Rupert Murdoch's News Corp. hurried Wednesday to reassure Asia that its latest acquisition, the STAR-TV satellite television network, would not become a vehicle for outside interference in Asian affairs.

The Sydney-based company also sought a meeting with the prime minister, Mahathir bin Mohamad.

After agreeing last month to pay \$525 million for a 63.6 percent stake in HutchVision Ltd., the parent company of Hong Kong-based STAR-TV, which is the dominant satellite broadcaster in Asia, News Corp. is discovering that government resistance to Western domination of the media is on the rise in Asia.

Adding to News Corp.'s difficul-

ties, the newly acquired broadcast concern confirmed Wednesday that its chief executive, Julian Mowter, had resigned after Mr. Murdoch refused to allow the STAR-TV head to report to him directly.

Both events signal a difficult start for News Corp.'s expensive foray into Asia.

In a statement released from Los Angeles, the worldwide broadcast media and publishing company sought to reassure Asian governments and Mr. Mahathir, who on Tuesday lamented STAR-TV's sale to Western interests, of its cultural sensitivity.

"We would not presume to intrude into the domestic affairs of any country," the News Corp. statement said. "We intend to make STAR-TV a service which Asian families can enjoy in their homes and a service which governments in the region will find both friendly and useful," it said, adding that News Corp. was seeking an opportunity to address Mr. Mahathir's "reservations."

Mr. Mahathir's attack, which in-

cluded an accusation that Western news organizations promoted interest in Asia, coincided with two other clashes between Western media and Asian governments.

Among its major competitors is a consortium including Hong Kong's Television Broadcasts Ltd., the American news channel CNN International, the sports channel ESPN Asia, the American movie channel Home Box Office and the Australian government-controlled entertainment channel ATV.

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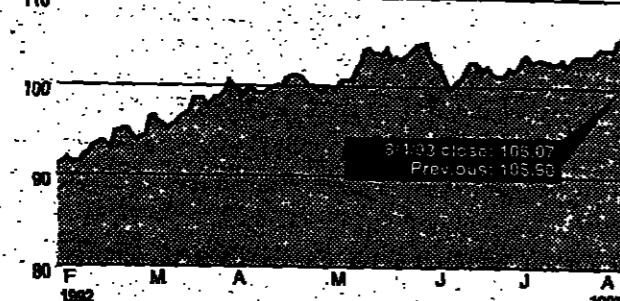
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See STAR, Page 13

THE TRIB INDEX: 106.07

International Herald Tribune World Stock Index, composed of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Region	Approx. weighting	Close	Prev.	Change
Asia/Pacific	25%	129.24	127.94	+1.30
Europe	40%	100.06	100.21	-0.15
N. America	35%	92.19	92.82	-0.63

Industrial Sectors	Week close	Prev. close	% change
Energy	108.24	104.14	+3.86
Utilities	112.57	112.42	+0.15
Finance	120.36	119.41	+0.80
Services	113.24	113.37	-0.11
Capital Goods	101.93	101.89	+0.04
New Materials	103.33	103.06	+0.28
Consumer Goods	85.42	85.56	-0.26
Miscellaneous	108.28	102.75	+5.50

INTERNATIONAL MANAGER

Diversity-Training Lesson: Beware of Good Intentions

By Kathleen Murray
New York Times Service

NEW YORK — In 1988, Lucky Stores wanted to find out why more women and minority-group employees were not being promoted. So the company held a workshop to increase sensitivity among its store managers. As part of an exercise common in such sessions, the supervisors were asked to mention stereotypes they'd heard about women and minority-group members.

"Women cry more," one said.

"Women don't have as much drive to get ahead," another manager volunteered.

"Black females are aggressive," said a third.

"The work force would not perform for a black female manager," a colleague added.

The idea was to expose potential prejudice and deal with it. But to management's horror, notes from this session later turned up as evidence in a sex-discrimination lawsuit arguing that female employees were not being promoted by the grocery-store chain.

The employees won the suit a year ago, in part because the court determined that some of the stereotypes mentioned at the sessions did amount to management bias.

"We hadn't known what went on in those meetings, but hearing them say this confirmed that's what they thought of us," said Diane Skilsky, a bookkeeper at Lucky's in Redwood City, California, who stands to share more than \$90 million in damages with about 20,000 other women.

The Lucky case is but one example, albeit an extreme one, of the potential pitfalls in corporate efforts to embrace "diversity training" — programs that are intended to foster harmony in increasingly diverse work forces.

Even at the most enlightened organizations, tackling issues such as race and gender can be a delicate undertaking.

Among the problems: confrontational trainers who accuse employees of bigotry or pit them against each other, resentment by employees who feel left out of the process, and a sense among many executives that training sessions alone are adequate.

Some corporate managers and diversity experts attribute the problems to the newness of the field. Many of the current efforts in the United States to encourage employees from many cultures to work together effectively were inspired by a report from the Hudson Institute, a research organization, in 1987 predicting that

See DIVERSITY, Page 13

VW Board To Discuss López Case

Compiled by Our Staff From Dispatches

WOLFSBURG, Germany — Volkswagen AG called a special meeting of its supervisory board for Friday to discuss the future of its production chief, José Ignacio López de Arriortúa, but the carmaker said his job was not in danger.

"A dismissal of Mr. López is certainly not to be expected," said Hans-Peter Blesinger, a VW spokesman. The meeting would be about "information and discussion," and the supervisory board stood behind Mr. López, he said.

Mr. López is at the center of a dispute between Volkswagen and its former employer, General Motors Corp. GM has accused Mr. López and seven employees who followed him to VW of stealing trade secrets.

Separately, Volkswagen said it would seek early retirement for 3,000 workers, in addition to the 25,000 job cuts already planned by 1994. In June, the company said its original target would be insufficient.

(Reuters, AP)

Fed Survey Finds Slow Growth

Compiled by Our Staff From Dispatches

WASHINGTON — The American economy continued to expand slowly to moderately in June and the first half of July and was not threatened by flooding in the Midwest, the Federal Reserve said Wednesday.

In its so-called Tan Book, a report it issues every six weeks, the U.S. central bank said that single-family home construction was strong in certain regions and retail sales were up over much of the country.

"Flooding inflicted considerable damage in parts of the Chicago, St. Louis, Kansas City and Minneapolis districts," the Fed's report said, "but the effects of flooding were said to be highly concentrated and were not seen to threaten overall economic expansion in any district."

The report, based on surveys of business executives conducted last month by the 12 district banks of the Federal Reserve System, summarizes economic data and compares current performance with activity a year earlier.

The latest survey reported that single-family home construction continued to be a source of strength for many areas of the country.

It said retail sales grew in most districts, although the rate of increase varied widely. Car sales showed the strongest increase in most areas, it said.

Price pressures, always watched closely by the inflation-sensitive Fed, were said to be mixed in the markets for materials and finished products.

Manufacturing was sluggish in most regions, and most factories did not plan to expand employment for the rest of the year. Exports to Europe were weak, but sales to Third World nations were robust, it said.

Business loan demand was reported to be unchanged from a year ago, but demand for mortgage refinancing was strong.

(UPI, Reuters)

Jaffré of Crédit Agricole Will Head Elf

Compiled by Our Staff From Dispatches

PARIS — Philippe Jaffré was named chairman Wednesday of Elf Aquitaine, the world's 15th-largest oil company and France's largest state-owned industrial concern.

Mr. Jaffré, 48, the director-general of Crédit Agricole, the country's largest bank, will have the task of guiding Elf Aquitaine through its proposed sale to private investors in the next few months.

He succeeds Louis Le Floch-Prigent, 69, who was named Tuesday as chairman of the state gas utility, Gaz de France.

The French cabinet Wednesday approved the moves, the first changes of top management at state-controlled companies by the conservative government of Prime Minister Edouard Balladur, which was voted into power in March.

Mr. Jaffré was a senior official in the Finance Ministry when Mr. Balladur was finance minister in 1986-88, and he worked on privatization plans then.

Mr. Le Floch-Prigent, who had been president of Elf Aquitaine for four years, is a friend and ally of President François Mitterrand, whose Socialist Party was badly defeated in the March elections.

Elf Aquitaine last year had consolidated net profit of 6.2 billion francs (\$1.04 billion), down 37 percent from 9.8 billion francs in 1991, as recession in Europe depressed its markets.

(AP, Bloomberg)

In Money Turmoil, U.S. Banks Gain

By Saul Hansell
New York Times Service

NEW YORK — As Europe's governments continue to wrestle over the fate of the ever-more-draconian currency union, their actions have an unintended beneficiary: American banks.

In the second quarter, the five largest New York banks and BankAmerica Corp. of San Francisco reported combined revenues of \$2.2 billion from trading, a record. And if the volatile markets continue, the banks are positioned to best that record this quarter.

With profits shrinking from traditional corporate lending, the big banks saw trading as a way to cash in on the rapid growth of international investments by corporations, pension funds and mutual funds.

So over the last few years, banks have built vast trading desks around the world.

Volatile markets, like those in Europe last week, force investors to change their positions quickly to protect themselves against currency devaluations and interest-rate shifts — resulting in a flurry of profitable trading for the banks.

Trading is the most profitable business banks have. Indeed, the six top American banks split profits of more than \$900 million for three months of trading activity, which represented more than 40 percent of their total profits, according to industry analysts. And the re-

sults were nearly as good for most of last year.

"It is a very rich market because there are lots of fundamental shifts in the market taking place," said Kelly Doherty, chief of the global trading group at Bankers Trust, which now makes 80 percent of its profit from trading.

This money could not have come at a better time for banks. It is replenishing their capital.

The banks use trading to cash in on the growth of international investments.

which had been depleted by waves of bad real estate loans. Moreover, the banks see their success in trading as an important stepping stone in their efforts to compete with Wall Street, where trading is closely tied to the more lucrative underwriting of securities.

Yet many investors worry that, like other booms, the trading bubble will eventually burst when the markets calm down. Then the banks will have to keep paying for their huge trading rooms with the ever declining profits from their traditional businesses.

In the last three years, for

See BANKS, Page 11

CURRENCY & INTEREST RATES

Cross Rates	Aug. 4
American \$	1.00
British pound	1.56
Canadian \$	0.71
Deutsche mark	1.36
French franc	6.55
Italian lire	1,936
Japanese yen	148
Swiss franc	1.48
U.S. dollar	1.00
U.K. pound	1.56
West German mark	1.36
Yen	148

Eurocurrency Deposits	Aug. 4
1 month	4.50
3 months	4.75
6 months	5.00
1 year	5.25

Key Money Rates	Aug. 4
Discount rate	5.00
Prime rate	6.00
Federal funds	5.50
3-month CD	5.25
90-day T-bill	5.00
1-year T-bill	5.25
2-year T-bill	5.50
3-year T-bill	5.75
10-year T-bill	6.00
30-year T-bill	6.25

Other Dollar Values	Aug. 4
British pound	1.56
Canadian \$	0.71
Deutsche mark	1.36
French franc	6.55
Italian lire	1,936
Japanese yen	148
Swiss franc	1.48
U.S. dollar	1.00
U.K. pound	1.56
West German mark	1.36
Yen	148

Forward Rates	Aug. 4
1 month	1.56
3 months	1.56
6 months	1.56
1 year	1.56

Tokyo Pacific Holdings
Weekly net asset value
as of 31-7-1993
US \$ 244.69

Listed on the Amsterdam Stock Exchange

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Page 10 MARKET DIARY

OTC Stocks at High, Blue Chips Stumble

NEW YORK — Over-the-counter stocks hit a record Wednesday, boosted by a rise in Intel, but the broad market showed little change, awaiting results of President Bill Clinton's deficit-cutting plan.

The Nasdaq composite over-the-counter average ended at 713.79, up 4.78 on the day, and above the record close of 712.49 set July 14. But the Dow Jones industrial average was 9.22 points lower, at 3,552.05.

Death of Rate Cuts Leaves Dollar Higher

NEW YORK — The dollar made a slight recovery against the yen Wednesday but was otherwise little changed as the market sought to put Europe's currency turmoil behind it and look ahead to Friday's U.S. employment data.

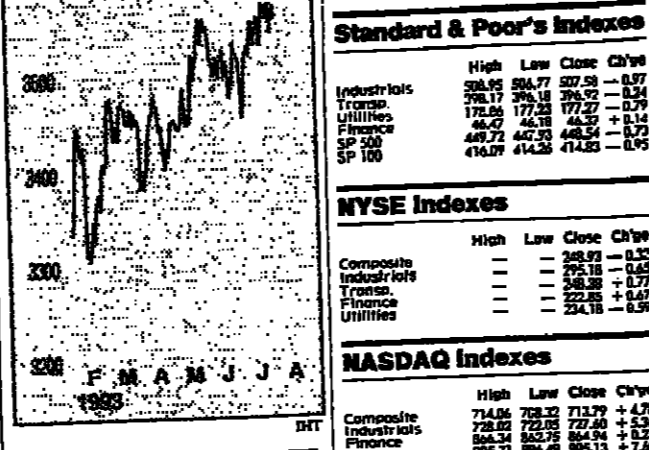
Shift on Banks' Securities

WASHINGTON — The Federal Reserve Board proposed rules Wednesday requiring banks to value most securities holdings at market prices when reporting their financial condition to regulators.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Paris, Sao Paulo, Singapore, Stockholm, Toronto, Zurich, and others.

The Dow Daily closings of the Dow Jones Industrial average



NYSE Most Actives

Table listing the most active stocks on the NYSE, including Kmart, Intel, and others.

NYSE Most Actives

Table listing the most active stocks on the NYSE, including Kmart, Intel, and others.

NYSE Diary

Table listing NYSE trading activity, including advanced, declined, and unchanged stocks.

NASDAQ Diary

Table listing NASDAQ trading activity, including advanced, declined, and unchanged stocks.

EUROPEAN FUTURES

Table of European futures contracts including Food, Metals, and Financial.

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Microsoft Focuses on Multimedia

REDMOND, Washington (Reuters) — Microsoft Corp., whose products helped simplify home computers for millions of consumers, took steps Wednesday to improve its prospects in the race to develop multimedia products, such as interactive television.

Honeywell Plans South Africa Return

MINNEAPOLIS (UPI) — Honeywell Inc. said Wednesday it had agreed to re-establish a South African subsidiary when Nelson Mandela's African National Congress invites foreign businesses to reinvest in the racially torn country.

Late-July Auto Sales Declined 1.7%

NEW YORK (Knight-Ridder) — Sales of cars built in the United States fell 1.7 percent to 243,768 units in the period from July 21 to 31, the industry reported Wednesday.

New Guidelines Set for Bond Dealers

WASHINGTON (AP) — The body that makes rules for the U.S. municipal-bond market proposed Tuesday ways to alleviate growing concerns about the effect of political contributions on the integrity of the \$1.2 trillion market.

Kmart Says It May Sell PayLess Unit

TROY, Michigan (AP) — Kmart Corp. said Wednesday it was exploring the possibility of selling its PayLess drugstore unit. A published report said the retailer hoped to get as much as \$1 billion for it.

For the Record

The U.S. International Trade Commission has been asked by major U.S. steel companies to reverse a vote that found they were not being injured by imports of hot-rolled and some cold-rolled imported steel products.

Sprint Corp., a major U.S. provider of long-distance services, said it would invest \$48 million in Call-Net Enterprises Inc. of Canada.

USX Corp.'s investment-grade debt plunged 3 1/2 points Wednesday, traders said, on news that Standard & Poor's Corp. may downgrade its ratings on about \$8 billion of the company's securities.

U.S. FUTURES

Table of U.S. futures contracts including Grains, Metals, and Financial.

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Advertisement for Exodius Financial Services, featuring a large graphic and contact information.

The Exodus From the Ruble Zone

Russia Encourages Other Republics to Mint Money

By Richard Boudreaux
Los Angeles Times Service

MOSCOW — Across a broken empire once ruled by Communists and their rubles, new currencies are emerging as symbols of sovereignty and faith in the free market. For Soviet republics, the act of leaving what is now Russia's "ruble zone" is a rite of passage, a flight into the unknown.

Nearly two years after the Soviet Union collapsed, five of the 14 newly independent states on Russia's perimeter have launched their own currencies — Ukraine, the Baltic states of Estonia, Latvia and Lithuania, and the Central Asian republic of Kyrgyzstan — with mixed results.

Their colorful array of bills — karbovanets, kroons, lats, litas and some emblazoned with national emblems and portraits of winning heroes — is a vivid sign of the disintegration of a region whose economies are still closely linked.

Last month, Moscow sped up this process by announcing that ruble bills printed before 1993 for Russia and the nine other countries still using them. This was meant, in part, to seal off Russia from ruble inflation created by its neighbors.

The abrupt measure, which created turmoil in banks and marketplaces throughout most of the former Soviet Union, in effect gives Russia its own exclusive currency. It will force the other ruble nations either to launch their own currencies or to adopt the new Russian ruble along with increasingly string-

ent monetary policies dictated by the central bank in Moscow.

"The old ruble zone ended its existence on July 26," Andrei I. Kazmin, Russia's deputy finance minister, said in an interview. "The situation that existed before then could not have lasted forever."

Since then, Azerbaijan, Georgia, Moldova and Turkmenistan have announced plans to join those countries that have dropped the ruble and to mint their own currencies.

The rest now face a choice between shaky financial independence and the mixed blessing of free trade with Russia, along with its relatively high inflation.

Both options are bleak. Living standards have fallen in all 15 ex-Soviet republics over the last two years, and popular cynicism over the benefits of freedom has rubbed off on the ruble and its substitutes. Georgia's temporary coupons, for example, are dubbed *jan-ji*, or candy wrappers.

Ukraine and the Baltics made early decisions to mint their own money largely to abolish the ruble as a hated token of Moscow's "occupation." Latvia's lats went into circulation ahead of schedule in part to boost the government's patriotic image before parliamentary elections in June.

Estonia and Latvia, along with Kyrgyzstan, also ditched the ruble in order to protect their free-market reforms and strict monetary discipline from ruble inflation, which runs as high as 20 percent a month in Russia.

Ukraine, on the other hand, staked out the freedom to run a looser monetary policy than

Russia's. Battered by runaway public spending, Ukraine's karbovanets quickly gained infamy as a unit even weaker than the ruble. Until last week, staying in the ruble zone offered each member state an incentive to suspend the others and stick them with part of the bill. They simply bought goods elsewhere, mostly in Russia, and issued new ruble credits to pay. The resulting inflation spread across the entire zone.

Russia, with a trade surplus in the ruble zone, was the big loser in that game. Officials estimate that it transferred \$17 billion in what amounts to trade subsidies to neighboring republics last year — as much as Russia received in Western aid.

That generosity is over. Even before last week's currency coup, Moscow had been raising ruble-zone prices for its oil.

Russia's hard line is now backed by the International Monetary Fund, which a year ago had warned Estonia and Latvia against the "economic suicide" of pulling out.

Estonia's defiance paid off. Its leaders pegged the kroon to the Deutsche mark and tightened spending. Monthly inflation, 18 percent a year ago, is now about 3 percent, making the kroon the strongest currency in the former Soviet Union. Finland has replaced Russia as the chief market for Estonia's exports.

Latvia followed suit and floated its lat, with similar results. The IMF now requires ex-Soviet republics to have an independent currency before lending them money.

Sabena Struggles For Its Life After Pay Pact Is Rejected

Compiled by Our Staff From Dispatches

BRUSSELS — The chairman of Sabena tendered his resignation Wednesday after the airline's personnel rejected a wage pact aimed at staving off the collapse of the Belgian state-controlled airline.

Mr. Godfried's resignation came at an emergency board meeting called after the vote, a board member, Jan Huyghebaert, told Belgian television. He said the board had asked Mr. Godfried to suspend his decision for 15 days, and that the executive had accepted.

Late Tuesday, 56 percent of Sabena employees rejected a one-day pay cut of up to 15 percent. The plan was aimed at raising 5 billion francs (\$145 million) in savings over three years following heavy losses in the first half of the year.

Sabena, like many airlines, has been hard-hit by the recession and a price war. Sabena further blamed the shortfall on currency devaluations and political upheaval in Central Africa, one of the carrier's key routes.

Sabena's management had already compromised over the cost-cutting package under union pressure. Following the announcement July 13 that it was targeting wage

cuts of two billion francs (\$57 million) among its 9,000 workers, it lowered the total to 1.1 billion francs. The workers rejected that number, too.

Previously, the company had warned that rejection could throw the company into bankruptcy.

The restructuring plan is aimed at helping offset a 1.5 billion franc loss expected for the first six months of the year. A number of reports forecast that the group would make a loss of up to 6 billion francs for the full year.

Apart from the wage cuts, the plan further included 1 billion francs in savings from increased labor flexibility and 2 billion in savings from increased international cooperation with other airlines.

Sabena also aims to have a more flexible work force to adapt to changes in timetables. The changes should enable Sabena to generate revenue without having to lay off part of its work force.

Sabena also plans to generate income by optimizing its role as a European and intercontinental hub. Among the measures foreseen are expanded route sharing and reorganization of flights and staff around the peak demand times.

(AP, AFP)

Investor's Europe

Exchange	Index	Wednesday Close	Prev. Close	% Change
London	FTSE 100 Index	2,328.10	2,328.80	-0.03
Paris	CAC 40	1,287.29	1,287.22	+0.01
Amsterdam	AEX	1,287.29	1,287.22	+0.01
Frankfurt	DAX	1,287.29	1,287.22	+0.01
Brussels	BSE	1,287.29	1,287.22	+0.01
Stockholm	OMX	1,287.29	1,287.22	+0.01
Vienna	WSE	1,287.29	1,287.22	+0.01
Zurich	SIX	1,287.29	1,287.22	+0.01

Very briefly:

- Britain's housing starts fell to 44,300 in the second quarter from 47,200 in the first period but were up from 39,700 in the 1992 second quarter.
- West German manufacturing orders fell a preliminary 1.7 percent in volume in June from May and were down 1.9 percent in value.
- Commerzbank AG said it bought the remaining 35 percent stake in Commerzbank-Bank AG Europartner from Credit Lyonnais of France.
- Alko NV said second-quarter net income slumped 30 percent from restated year-earlier levels to 152 million guilders (\$79.2 million).
- British Telecommunications PLC said it had signed agreements with American Telephone & Telegraph Co. and Alcatel NV to buy new-generation telephone-switching equipment.
- Greece backed down from plans to sell off 35 percent of Hellenic Telecommunications Co. after members of Prime Minister Constantine Mitsotakis's own party threatened to vote against the proposal.
- Turkish consumer prices jumped 73.1 percent in the 12 months ended in July. Economists said they expected the figure for all of 1993 to exceed last year's 66 percent.

Two British Thrifts to Merge

LONDON — Two of Britain's major thrifts, the Leeds Permanent Building Society and the National & Provincial Building Society, will merge to create Britain's third-largest thrift with combined assets of more than £30 billion (\$45 billion), it was announced Wednesday.

Union officials, however, were concerned the merger would lead to the loss of up to 1,600 jobs.

"We're extremely concerned about the future of building societies in Britain and the likelihood of mass redundancies," said Noel Howell, spokesman for the Banking, Insurance and Finance Union.

"We're on the road to far fewer building societies, which is the same road that the banks have gone, which has produced six high-street banks compared with about twenty 50 years ago," Mr. Howell said.

Leeds, which has assets of £19.4 billion, and National & Provincial, with assets of £12 billion, collectively employ about 9,000 staff, the union said.

FRANCE: Paris Disappoints Market by Failing to Lower Interest Rates

Continued from Page 9

that interest rates for now will remain at or close to their present high level, despite a stagnant economy and high unemployment.

"Nothing that has happened should lead one to believe that France needs less discipline in the financial arena or less monetary stability," Mr. Sarkozy quoted the prime minister as saying. After a French-German meeting in Paris on Tuesday, officials emphasized

their joint commitment to maintaining anti-inflation discipline.

Mr. Balladur's uncompromising attitude put him on a collision course with other members of the ruling center-right coalition, including the leader of the Gaullists, Jacques Chirac, who has called for a cut in interest rates.

The issue of interest-rate cuts has important political as well as economic ramifications in France. Those supporting the strong franc

are generally those who, like Mr. Balladur, are intellectually wedded to the idea of closer European union, including eventual monetary union.

Politicians urging an immediate and sizable cut in interest rates include many of those hostile to the Maastricht Treaty on European Union, such as Philippe Stangin, who led last year's referendum campaign against the accord.

Michel Sapin, a former finance

minister who defended the franc in two earlier crises, said in an interview with Liberation that the fact that many politicians on the right had sounded so lukewarm about defending the franc had helped undermine it.

Mr. Sarkozy said that Mr. Balladur and President Francois Mitterrand agreed that turmoil on the exchange markets was caused by the Bundesbank's refusal to cut its discount rate last week.

BANKS: U.S. Financial Institutions Do Well Out of Currency Turmoil

Continued from Page 9

example, J.P. Morgan & Co. has doubled the size of its trading department to 2,000 people, who now generate about half the bank's profits, according to industry analysts.

This very success raises the question of whether the fate of the banking system is increasingly dependent on the payoff from gambling in a vast global casino.

European central bankers and politicians have severely criticized the banks and other market participants as profiteering "speculators."

The banks, however, play not so much the gambler, but the casino itself. Trading, of course, entails risk, and many of the trades made by an active bank will lose money, sometimes a large amount.

But the odds are decidedly stacked in the banks' favor because

of their ability to look at the hands of other players. Most of a bank's trades — if not almost most of its trading profits — come from transactions with its customers rather than from speculation on the markets.

These customers can range from companies that have to bring home their foreign profits to mutual funds that make international investments. But these information

from these trades that allows the bank to profit from its own positions.

In theory, the bank profits from the "spread," the difference between the price a bank's trader pays for a currency or a security and what the trader sells it at. With some smaller customers or those in remote areas that cannot or do not shop around for price quotes, the spread can be quite high.

Midland Earnings Soar Despite Problem Loans

Reuters

LONDON — Midland Bank PLC reported Wednesday a more-than-sixfold rise in profit for the first half, but its chief executive said bad debts were a problem as the British economy struggled to recover from recession.

Midland's pretax profit was £385 million (\$577.3 million), up from £60 million in the similar 1992 period.

The charge for bad debts rose 12 percent, to £321 million. Brian Pearse, the chief executive, said the bank had been hit by problem corporate loans in Britain in the first half.

"There is definitely a lot more confidence about, but people are hesitating a bit before they take major steps in business expansion and capital expenditure," Mr. Pearse said.

Midland, which was acquired last year by HSBC Holdings PLC, the parent of Hongkong & Shanghai Banking Corp., said costs rose 9 percent in the half year, to £1.04 billion.

Mr. Pearse said this was the result of absorbing Hongkong & Shanghai employees into Midland.

Nonetheless, Midland reduced its cost-to-income ratio, a measure of a bank's efficiency, to 61.4 percent from 73.3.

Profit at Midland Global Markets, a merger of Midland's and Hongkong & Shanghai's capital-markets operations "rose strongly" in the first half, but figures were not provided.

NASDAQ

Wednesday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	12 Month Low	Div	Yld	PE	High	Low	Latest	Chg
12.50	10.00	0.50	4.00	15.00	12.00	11.50	11.75	+0.25
15.00	12.00	0.75	5.00	18.00	14.00	13.50	13.75	+0.25
18.00	15.00	1.00	6.00	20.00	17.00	16.50	16.75	+0.25
20.00	18.00	1.25	7.00	22.00	19.00	18.50	18.75	+0.25
22.00	20.00	1.50	8.00	24.00	21.00	20.50	20.75	+0.25
25.00	22.00	1.75	9.00	26.00	23.00	22.50	22.75	+0.25
28.00	25.00	2.00	10.00	28.00	25.00	24.50	24.75	+0.25
30.00	28.00	2.25	11.00	30.00	27.00	26.50	26.75	+0.25
32.00	30.00	2.50	12.00	32.00	29.00	28.50	28.75	+0.25
35.00	32.00	2.75	13.00	34.00	31.00	30.50	30.75	+0.25
38.00	35.00	3.00	14.00	36.00	33.00	32.50	32.75	+0.25
40.00	38.00	3.25	15.00	38.00	35.00	34.50	34.75	+0.25
42.00	40.00	3.50	16.00	40.00	37.00	36.50	36.75	+0.25
45.00	42.00	3.75	17.00	42.00	39.00	38.50	38.75	+0.25
48.00	45.00	4.00	18.00	44.00	41.00	40.50	40.75	+0.25
50.00	48.00	4.25	19.00	46.00	43.00	42.50	42.75	+0.25
52.00	50.00	4.50	20.00	48.00	45.00	44.50	44.75	+0.25
55.00	52.00	4.75	21.00	50.00	47.00	46.50	46.75	+0.25
58.00	55.00	5.00	22.00	52.00	49.00	48.50	48.75	+0.25
60.00	58.00	5.25	23.00	54.00	51.00	50.50	50.75	+0.25
62.00	60.00	5.50	24.00	56.00	53.00	52.50	52.75	+0.25
65.00	62.00	5.75	25.00	58.00	55.00	54.50	54.75	+0.25
68.00	65.00	6.00	26.00	60.00	57.00	56.50	56.75	+0.25
70.00	68.00	6.25	27.00	62.00	59.00	58.50	58.75	+0.25
72.00	70.00	6.50	28.00	64.00	61.00	60.50	60.75	+0.25
75.00	72.00	6.75	29.00	66.00	63.00	62.50	62.75	+0.25
78.00	75.00	7.00	30.00	68.00	65.00	64.50	64.75	+0.25
80.00	78.00	7.25	31.00	70.00	67.00	66.50	66.75	+0.25
82.00	80.00	7.50	32.00	72.00	69.00	68.50	68.75	+0.25
85.00	82.00	7.75	33.00	74.00	71.00	70.50	70.75	+0.25
88.00	85.00	8.00	34.00	76.00	73.00	72.50	72.75	+0.25
90.00	88.00	8.25	35.00	78.00	75.00	74.50	74.75	+0.25
92.00	90.00	8.50	36.00	80.00	77.00	76.50	76.75	+0.25
95.00	92.00	8.75	37.00	82.00	79.00	78.50	78.75	+0.25
98.00	95.00	9.00	38.00	84.00	81.00	80.50	80.75	+0.25
100.00	98.00	9.25	39.00	86.00	83.00	82.50	82.75	+0.25

NYSE

Wednesday's 3 p.m. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

Table with columns: 12 Month High/Low, Div, Yld PE, High/Low/Last Chg. Lists various stock prices.

Table with columns: 12 Month High/Low, Div, Yld PE, High/Low/Last Chg. Lists various stock prices.

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INTERNATIONAL FUNDS

Aug. 4, 1993

Questions supplied by fund lists. Not asset value questions are supplied by the Funds listed with the exception of some questions based on price ratios.

The simplified question indicates frequency of question (daily (D), weekly (W), monthly (M), quarterly (Q), semi-annually (S), annually (A)).

Table listing various international funds with columns for fund name, share class, and price.

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For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33.

Zhu Vows To Defend Yuan Rate

Compiled by Our Staff From Dispatches SHANGHAI — Vice Premier Zhu Rongji said Beijing was determined to defend the yuan's current exchange rate and vowed to smash the currency black market, official newspapers reported Wednesday.

Mr. Zhu, who has made currency stability a cornerstone of his efforts to rein in inflation since he became China's most important economic policymaker, said the exchange rate in the foreign-exchange swap markets of around 8.3 yuan to the dollar was reasonable.

The yuan slipped to 8.894 to the dollar Wednesday from 8.872 on Monday at the National Foreign Exchange Swap Market in Beijing.

After Mr. Zhu became governor of the People's Bank of China in July, he ordered massive intervention in Shanghai's swap market to strengthen the yuan.

At the same time, the government started tightening controls over the Shanghai swap market to make it more difficult for Chinese enterprises to buy dollars and encourage companies with hard-currency reserves to dump them.

Shanghai has the largest of China's swap markets. On these markets, businesses trade hard currency at rates that come closer to reflecting supply and demand than the official rate of about 5.7 yuan to the dollar.

Separately, the State Information Center's forecasting department predicted that retail-price inflation in China would run at a 13 percent annual rate in the second half of this year, compared with 10.5 percent in the first half.

Shopping Across the Strait Taiwan to Buy More Goods From China

Compiled by Our Staff From Dispatches TAIPEI — Taiwan may double the number of items that can be imported from China to benefit from its less expensive labor, trade officials said on Wednesday.

Approved imports — which are generally cheaper than local products — of farm produce, semi-finished goods, industrial materials and minerals currently total 622 items, said a Board of Foreign Trade official, Thomas Chuang.

But the board will soon announce 83 more items, and the number will be increased to 1,550 by the end of the year, the trade officials said.

Following Prime Minister Lien Chan's instruction to expand imports of such items to lower the production costs of Taiwan manufacturers, the foreign trade board asked relevant government units and business associations to propose the bigger import list before Aug. 15.

"We will come up with a new list of imports to be allowed from mainland China in September," Mr. Chuang said in an interview.

The liberalization is part of a comprehensive economic package unveiled by the Council for Economic Planning and Development in June in a bid to spur the slumping Taiwan economy and beef up investment incentives.

Indirect trade between Taiwan and China in the first five months of 1993 increased 22.49 percent from a year earlier, to \$3.39 billion.

President Lee Teng-hui has cautioned local business executives to be more careful in their investment decisions in China, avoiding too great an exposure to that country.

Taiwan investment in China has accumulated to about \$9 billion since the late 1980s, when tensions eased on both sides of the Taiwan Strait.

The ruling Kuomintang of Taiwan, the party that was driven off the mainland by the communists in 1949, has banned direct contacts across the Taiwan Strait.

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Japan's Surplus Grew to Record In the First Half

Compiled by Our Staff From Dispatches TOKYO — Japan's current-account surplus, the broadest measure of trade flows, grew 13.5 percent in June to \$10.7 billion, bringing the imbalance for the first half to a record \$67.5 billion, the Finance Ministry announced Wednesday.

Economists added that Japan's weak recovery and firmer yen would make the years-long effort by the United States and others to shrink its current-account surplus more difficult than ever.

Showing Japan's trading partners some progress in reducing the surplus will be perhaps the biggest international challenge facing the new coalition government when it is formed this week, ending 38 years of domination by the Liberal Democratic Party.

The first-half surplus, which was not seasonally adjusted, was 19.8 percent wider than the \$56.37 billion surplus posted in the first half of 1992 and made it probable that this year's surplus would exceed last year's record of \$117.55 billion.

The current account measures trade in goods, services and other capital flows.

"Import growth has been and will continue to be subdued by a moribund economic recovery, while exports in dollar terms will remain at high levels because of the yen's appreciation," said Tatsushi Shikano, an economist at Yamachi Research Institute.

A Finance Ministry official said the dollar amount of the surplus had been inflated by the yen's rapid rise this year. According to the ministry's calculations, the current-account surplus in yen terms shrank to 1.15 trillion yen in June

from 1.20 trillion yen a year earlier. Many Japanese economists agreed with the ministry's view and said they expected the higher yen to take a toll on exports and reduce the surplus by mid-1994.

"The surplus will peak in the July-September quarter, but this year's figures will reach a record high without question," said Nobuyuki Saji, senior economist at Nikko Research Center.

But, some analysts said, if the yen continues to rise, the surplus would continue to swell in dollar terms, and the high yen could smother a domestic economic recovery and inhibit imports.

A Resin Hunt By Sumitomo

Compiled by Our Staff From Dispatches TOKYO — Sumitomo Chemical Corp. said Wednesday it had asked Dow Chemical Co. to resume production of epoxy resin, used to make the casings of computer chips, after an explosion last month shut the world's main factory.

Analysts said it could take a year to reopen the plant, but Sumitomo has lined up companies in Japan and Taiwan to supply up to 60 percent of its production, which accounted for 60 percent of the market.

Dow said it would only reopen its factory, closed in 1991, if it could presell five years' production.

China Assails U.S. Export Ban

BEIJING — China's leading satellite maker on Wednesday attacked the United States' restrictions on exporting space technology to Beijing as unfair, ineffective and foolish.

Qi Faren, head of the state-owned Chinese Academy of Satellite Technology, also accused some American manufacturers of luring China's space business by refusing to sell certain advanced equipment.

A brush space-industry newcomer, China offers companies cut-rate launches atop its Long March rockets and is making telecommunications satellites it hopes soon to sell abroad at prices well below those of Western market leaders.

Last week, China's state launching company contracted with Motorola Inc. of the United States to put several satellites into orbit for it between 1996 and 2002.

But the Chinese program has had an uneven record. In December 1992, a satellite owned by Optus Communications of Australia was lost in space. China blamed the satellite, not its rocket.

Mr. Qi aimed his anger Wednesday at former President George Bush, who left office in January but whose ban on exporting American military technology to China remains in effect.

"Frankly, I think in this respect the United States is very foolish," Mr. Qi said. "They should know that things we can't buy in the United States we can always buy elsewhere."

Washington banned U.S. military exports to China after the military crackdown in 1989 that crushed China's pro-democracy protests with great loss of life.

In addition, Mr. Bush specifically restricted satellite-related exports in June 1991 to punish China for its alleged sales of advanced missile technologies to Pakistan, Iran and North Korea in violation of the Missile Technology Control Regime treaty.

Mr. Qi dismissed as unresolvable Washington's argument that China's civilian satellites are subject to the export ban because they have military uses. He said Beijing's satellite makers should not be held responsible for the way customers use their product.

DIVERSITY: Sensitivity Training Can Backfire

Continued from Page 9 by the year 2000, nearly two-thirds of the American work force would be made up of people other than white males.

The smartest companies, the report said, will attract and manage diverse talent. By 1991, three-quarters of the companies surveyed by the Towers Perrin consulting firm had diversity programs.

The number of people and groups in the country specializing in work-force diversity has more than quadrupled since 1990, according to the American Society for Training and Development in Alexandria, Virginia.

But sometimes, their efforts have backfired, by bringing up negative stereotypes that later get widely circulated, as in the Lucky Stores case, or in other ways.

The University of Virginia once held a sensitivity-training session for a group of faculty members and administrators. The consultants opened by telling them they were all white. Some employees walked out; others were extremely upset.

"In the end it soured everyone on doing diversity training," said Courland Lee, a professor of multicultural studies.

But some employers and consultants say that for diversity programs to work, they must cause discomfort.

DEFICIT: Benefits of Cut Are Already Played Out

Continued from Page 9 pleaded publicly with the Federal Reserve Board this week not to tighten its grip on credit even as growth picks up.

"What we're trying to do by bringing the deficit down is to justify keeping interest rates down even when there's economic growth," the president told editorial writers in seeking support for his economic package.

The bond market, of course, is thriving in this low-interest climate, and passage of a credible budget package may bring rates down further but not much, according to Sam Kahan of Fuji Securities in Chicago.

None of this is good political news for the president, which helps explain the implacable opposition to the deficit plan by Republicans in Congress.

But Mr. Clinton is merely doing what governments in Europe are doing in betting on lower interest rates, although he is leading the United States through the cycle first.

"Nobody has thought this problem through on a global scale," lamented Gerard Vila, chief economist of the WEAFA group.

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STAR: Reassurance by Murdoch

Continued from Page 9 than he does in Europe and the United States, where he is operating in his own Western culture.

But I don't think he is stupid enough to tread roughshod over the sensitivities of the countries involved," Mr. Jeffrey said.

Because Malaysia bans individuals from owning satellite receiving dishes, STAR-TV and other international broadcasters are not received in Malaysia.

But Mr. Mahathir's attack and a drop in staff morale at STAR-TV brought on by Mr. Mounier's hasty exit could complicate News Corp.'s

tasks of dealing with program suppliers and establishing a subscription viewing business.

"I wouldn't be very surprised if some people decided their career path no longer included coming to Hutchison House every day," one employee who requested anonymity said, referring to STAR-TV's offices in the headquarters building of the Hutchison Whampoa conglomerate.

STAR-TV executives close to Mr. Mounier said he had asked to report directly to Mr. Murdoch.

Investor's Asia table with columns for Hong Kong, Singapore, Tokyo, Sydney, and various indices like Nikkei 225, All Ordinaries, and Composite Stock.

Very briefly: Britain and China dashed hopes of a breakthrough on funding Hong Kong's new airport project. Nippon Mining & Metals Co. decided to postpone a joint venture to construct a new zinc smelter in Japan.

AMEX Wednesday's 3 p.m. table listing various stocks and their prices.

Table with columns for 12 Month High, Low, and other financial data for various companies.

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SPORTS BASKETBALL

For French Teen, a Chance to Play in Webber-Land

By Ian Thomsen
International Herald Tribune

VERSAILLES, France — This is about a French teenager, Olivier Saint-Jean, and how he came to be recruited by an American basketball power, the University of Michigan. He says it all goes back to soccer.

"It was really too cold in the winter, I meant really," he says. "That was the main reason why I stopped playing soccer. I said, 'Get me indoors.'"

About the same time, he was watching his first college basketball game, a videotape of the University of Houston, circa 1983. That was the "Phi Slamma Jamma" group of Clyde Drexler, Akeem (now Hassan) Olajuwon, Michael Young and others willing to hammer the rims until they hummed like tuning forks. No one in France could watch young Olivier that most teams were not like that one.

"I saw that game and I said, 'College basketball is what I need,'" he says. He was 14 years old and growing suddenly, like a fast-motion movie, to his current size of 2 meters (6 feet, 6 inches) and 90 kilograms (200 pounds). He is 18 and about to join the second-best team in America over the last two years.

Nonetheless his mother, George Saint-Jean, still criticizes him, just as she did when she began teaching him the game five years ago. She and Olivier's father, Luc, immigrated to France from Guyana. They're divorced now, and she works as an accountant.

She didn't learn to play basketball until her 30s, but she was a natural athlete and 1.8 meters tall. She played for a French champion club, and she coached a women's team. Everything Olivier first learned about the game he loves came from being badly whopped by his mother.

"We'd play one on one, and she used to kill me," he says. "I've never beaten her, because after a certain age we stopped playing. I was a lot smaller and skinnier,

and she could just dominate me physically. She scored most of her points inside on me."

George, Olivier and his brother Samuel, 13, a point guard, live in a modern apartment complex on the quiet right bank of Versailles, an otherwise touristy Parisian suburb. On the wall is a photograph of Olivier dunking almost horizontally.

For most of the last few years, however, Olivier has been attending school and playing for the junior club in the town of Evreux, west of Paris in Normandy. When he did come home, George was usually

Olivier Saint-Jean will make an interesting addition to Michigan. The Wolverines have lost forward Chris Webber, who became the No. 1 NBA draft pick, and four seniors, so he will have a chance to play.

complaining about his defense. He didn't take it personally, especially after watching George holler at her own players. She never liked their defense, either.

"You see that guy all in red?" Olivier asked his mother one night, pointing at an American television picture. "You're just like him. You're Bobby Knight."

Of course, they always discussed basketball in French, which made her critiques far more palatable than anything out of Bobby Knight's mouth. It also reminded Olivier that if he ever wanted to be a college basketball star in America, he was not only going to have to play defense well

enough to stop his mother, he was also going to have to learn English.

Years of hard study earned him a passing score of 800 last November in the Scholastic Aptitude Test, which is quite a feat when you consider how many American players can't do as well with their first language. You should hear Olivier in his accent talking about his French "homes." That's short for "homeboys" for you non-Americans.

Last year, he was playing with the French junior team in a European Championship qualifying tournament in Germany when a scout invited him to America, to play in the famous ABCD camp for high school basketball stars. This was exactly Olivier's dream.

His club sent him, all expenses paid, on the 11 1/2-hour flight to California. Late that night, a man was waiting to pick him up at the US Air terminal. Olivier arrived on Air France.

"Los Angeles International Airport must be the biggest airport in the world," he says. Someone told him that for \$30 a van driver would be willing to shuttle him all around Los Angeles. That is exactly what happened.

When he arrived at the camp three hours later, the counselors wondered where he'd been — they'd been calling all over the world looking for him. But this is supposed to be how he ended up at Michigan.

He slept for a little while, and the next morning he met the other 20 foreign invitees at a small gym where they practiced while the Americans attended a special class. He was playing well among the foreigners when a coach called him over to a pickup game with some Americans.

It wasn't long before Olivier decided he had no business trying to play in the United States. These Americans were murdering him — knocking him down, working him over, boxing him out. His own mother had never been so tough.

"Then I had to guard this one guy, and

man, he was really killing me," Olivier says. "He could do everything he wanted to me. I had this pain all up and down my legs. Finally I said to somebody, 'Man, who is this guy?' He told me it was Jamal Mashburn."

Mashburn was to become the No. 4 pick in the NBA draft this year. He, Akeem Earl of Iowa and Adonis Jordan of Kansas, all future NBA players, were at the camp to counsel this next wave of college stars.

"I didn't recognize them because, you know, I hadn't seen them on TV," Olivier says.

After trying to guard Mashburn in the morning, he found it easier to dunk on someone his own age in the afternoon. He hadn't been home very long when the Federal Express packages began arriving from the American colleges. The same woman delivered them almost every day.

At night his phone was ringing every 20 minutes. Coaches from Marist College, Iowa and North Carolina came to recruit him. Duke Brown came from Louisiana State University to see him. Coach Gene Keedy flew over to tell him that he should attend prep school before coming to Purdue.

"I told him, 'I'm sorry you wasted the trip, but I'm not going to prep school,'" Olivier says. "He became very angry."

It's getting closer now to the point where he was drawn to Michigan.

Olivier made official recruiting visits to Iowa, Louisiana State, Providence and North Carolina. You may have noticed that he did not visit Michigan. This is because he was in love with the eventual national champion, North Carolina. He was all ready to accept North Carolina's last scholarship when a friend called to say that it had been taken by Rashied Wallace, the American high school player of the year.

"So I called the assistant coach at North Carolina to find out why they didn't tell me, when they made me believe I was

coming," he says. "He said they didn't think Rashied Wallace would come to North Carolina. I said, 'All right, it's sad, but I'll survive.'"

Olivier will make an interesting addition to Michigan. From last year's team, the Wolverines have lost forward Chris Webber, who became the No. 1 pick in the NBA draft, and four seniors, so he will have a chance to play. Though he has never lifted weights, his head is almost shaved, and he has a Michigan blue baseball cap and a blue sweatshirt.

But there will be adjustments. Olivier has watched the American movies and music videos, as most European teenagers have, but now he is actually stepping inside the sanctum sanctorum of inner-city basketball.

He loves the players, even if he doesn't understand half of what they're talking about. "Maybe I don't speak English," Olivier told the famous guard, Jalen Rose, "but you don't speak English."

"The difference is, they have serious problems in America," Olivier says. "The kids have problems, they need help. Where can they find help? From sports — the way out of the ghetto, that's what they say."

"But in France, we don't have a care about that. Look around my neighborhood. I am peaceful here. I don't have to say 'I'm fighting to get out. When I see Jordan or Magic Johnson, they're doing it first because they want to have a role model, they have to get out of their problems. In France, that is not the case. I never had serious problems in my life.'"

There was one more thing to mention... of course! How he wound up at Michigan! Olivier was deciding between Iowa and LSU when he received a call from Ann Arbor, Michigan. He flew there in April for a visit, and he liked everyone so much that he had signed his letter of intent before the weekend was done. Really, it was that simple. Probably should have said so in the first place.



Michael Stich thrashed Mikael Pernfors in Los Angeles.

Pernfors Is Halted

The Associated Press

Two days after winning the Canadian Open with a string of upsets, Mikael Pernfors of Sweden finally fared as expected — he lost.

Second-seeded Michael Stich of Germany needed just 67 minutes to eliminate the 31-year-old Pernfors 6-2, 6-4, Tuesday in a first-round match at the \$300,000 Volvo Tennis-Los Angeles men's tournament.

Stich, ranked sixth in the world, had 11 aces.

"I knew that after the big win he would have a lot of self-confidence, but he was not as aggressive from the baseline as I

thought he would be," Stich said of Pernfors, who won the Volvo tournament five years ago.

Pernfors, who beat Jim Courier, Alexander Volkov and Petr Korda en route to winning the Canadian Open, said: "He never really let me into the match."

One week after pronouncing herself physically fit again, Steffi Graf is dealing with yet another nagging ailment. Complaining of a headache and dizziness, Graf withdrew from her doubles match Tuesday night after beating Karine Quentrec, 6-3, 6-2, in the Mazda Tennis Classic at La Costa Resort & Spa in Carlsbad, California.

SIDELINES

Ukraine 3,000-Meter Star Suspended

LONDON (AP) — World 3,000 meter champion Tatyana Dorovskikh of Ukraine has tested positive for a banned drug and faces a four-year suspension, the International Amateur Athletic Federation said Wednesday.

An IAAF spokesman said the 31-year-old Dorovskikh, considered the world's top woman middle-distance runner, tested positive after an IAAF meet in Budapest on June 15. Both urine samples were positive, resulting in an automatic suspension pending a hearing with her national federation. Sources indicated the banned substance was a steroid.

Springboks Storm Australian Team

CANBERRA (AP) — The South African rugby union team stormed to a 57-10 victory over the Australian Capital Territory in a spiteful match Wednesday, and the ACT coach described the Springboks as "cowardly."

John Kelsey, who announced his retirement after the game, said the South Africans had resorted to "cheap shots" during a second half marred by hectoring among the players. The second-string Springbok team led 11-3 at halftime before going on a 46-point second-half scoring spree.

For the Record

Gianluigi Lentini's condition was improving from injuries suffered in a car accident, but doctors could not predict when the soccer star might play again. The AC Milan forward, who had a concussion and bruises, was transferred from a Turin hospital to one in Milan. (AP)

An unusual shortage of snow during the winter season has forced cancellation of the Winter Pan American Games, scheduled for Aug. 31-Sept. 11 in the Andean slopes near Santiago, organizers said. (AP)

Dudley Contract Draws NBA Fire

By Harvey Araton
New York Times Service

NEW YORK — Declaring himself "a perfect fit" for the lineup of the Portland Trail Blazers, free-agent center Chris Dudley officially became an NBA player Tuesday by signing a controversial seven-year contract worth approximately \$11 million.

Unfortunately for Dudley, he cannot yet be officially called Portland's property. Before the Blazers announced the deal at an afternoon news conference Tuesday, the National Basketball Association said it would challenge the contract on the ground that it was a deliberate circumvention of the league's salary cap.

At issue is Dudley's first-year compensation, and an option after next season to free himself from the remaining six years.

The league contends that the deal has been set up to allow the Blazers to squeeze Dudley, 28, into their salary cap at their only available slot, \$800,000, while putting them in position to pay him whatever they wish once he exercises his out next season. A team may pay its own free agent whatever it wishes,

no matter how far over the cap it is.

"Clearly, if someone signs for considerably less than his market value, we think it's a clear case of circumvention," said Russell Granik, the NBA's deputy commissioner.

Granik said that recent contracts given by the Chicago Bulls to Toni Kukoc and by the Atlanta Hawks to Craig Ehlo were structured similarly, and are also being contested.

Geoff Petrie, the Blazers' general manager, acknowledged that the team had taken a chance, but that it was the only way it could get Dudley to sign. Whatever the outcome, it's unlikely to affect the hard-luck Nets, who lost another important player from a nucleus that appeared last year at this time to be one of the stronger in the league. Willis Reed, the team's executive vice president disputed the claim of Dudley's agent, Dan Fegan, who said the Nets did not have a seven-year, \$21 million offer, with 6 years guaranteed, on the table last two weeks.

"I think last week it became evident to me that he really didn't want to come back to New Jersey," said Reed.

Consultant Reportedly Warned on Lewis

By Lawrence K. Altman
New York Times Service

BOSTON — The physician who told Reggie Lewis that he had a normal athlete's heart and a benign fainting condition was warned by one of his own consultants that he had gone too far in ruling out a life-threatening condition, a person knowledgeable about the case said.

Lewis died last week while shooting baskets, three months after he collapsed during a playoff game against Charlotte on April 29.

The physician who issued the private warning, Roman W. De-

Sanctis, was part of two medical teams that consulted on the Lewis case at two hospitals in Boston in the days following his collapse.

One team of doctors, at New England Baptist Hospital, told the Boston Celtics captain that he believed he had a career-ending, life-threatening heart condition known as focal cardiomyopathy. It damages a portion of the cardiac muscle.

A second opinion, from a team at Brigham and Women's Hospital, a Harvard teaching hospital, headed by Dr. Gilbert H. Mudge, told Lewis he had a normal athlete's heart and a benign fainting condi-

tion known as neurocardiogenic syncope or vasovagal fainting.

[A published report Wednesday said that the Massachusetts medical examiner's office was confident that Lewis died of a heart problem brought on by myocarditis, an inflammation of the walls of the heart, news agencies reported.

[The Boston Globe said it had learned that the autopsy report, expected to be released after being disclosed to the Lewis family, indicated Lewis died of the same condition that killed Hank Gathers, the Loyola Marymount basketball star, three years ago. The Globe

said the report also showed there were no illegal drugs in Lewis's system at the time of his collapse.] DeSanctis, a cardiologist at Massachusetts General Hospital in Boston, was part of both teams and said that he had been asked by Mudge to review the data. According to the informant, DeSanctis told Mudge privately that while he agreed that Lewis suffered from a benign fainting condition, he also felt that Mudge had not fully proven that the condition caused the collapse.

Mudge said at a news conference on May 10 that he concluded from his tests and examination that there was no evidence that Lewis "has any form of cardiomyopathy or life-threatening, 'ventricular arrhythmias.' Cardiomyopathy can lead to life-threatening heart rhythms.

DeSanctis had a limited role in the New England Baptist Hospital consultation because he was ill at the time. Instead, the team doctor, Arnold Scheller, told him over the telephone that a group of 12 experts had concluded that Lewis had a potentially serious heart condition. The diagnosis "seemed quite reasonable," DeSanctis said May 13.

At the same time, DeSanctis said that he concurred with Mudge's conclusion that "Reggie's cardiovascular condition seemed less serious than was originally thought" and that he was "personally cautiously optimistic that Reggie will play again."

Ex-UCLA Coach Feared for His Life

The Associated Press

LOS ANGELES — Former UCLA basketball coach Gene Bartow believed his life might have been in danger had the NCAA delved too deeply into the activities of the late Sam Gilbert, once a prominent Bruin booster, according to a published report.

Bartow, who succeeded John Wooden in 1975, acknowledged what he believed to be a life-threatening situation in a letter to an NCAA official, the Los Angeles Times reported Wednesday.

Gilbert, a Los Angeles contractor who died in 1987, reportedly had a long history of providing improper gifts to UCLA basketball players, particularly the stars of the Wooden era.

"I want to say 'thank you' for possibly saving my life," Bartow, currently the basketball coach and athletic director at the University of Alabama at Birmingham,

wrote in a Nov. 1, 1991, letter to David Best, NCAA assistant executive director for enforcement, the report said.

Bartow's feelings toward Gilbert were part of a five-page letter in which Bartow called on the NCAA's top enforcement official to investigate the basketball player, the newspaper said.

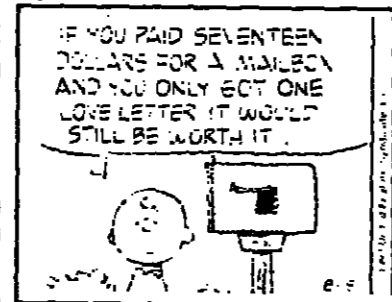
"I believe Sam Gilbert was Mafia-related and was capable of hurting people," Bartow wrote. "I think had the NCAA come in hard while I was at UCLA, Gilbert and others associated with the program would have felt I had reported them, and I would have been in possible danger."

The letter contradicts public statements made by Bartow, who has said he did not fear Gilbert.

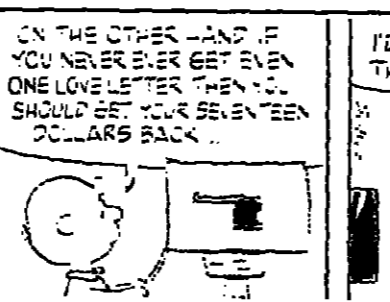
DENNIS THE MENACE



PEANUTS



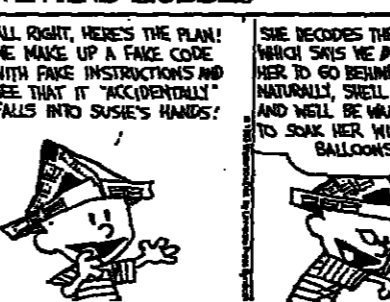
CALVIN AND HOBBES



BLONDIE



WIZARD of ID



BEEBLE BAILEY



REX MORGAN



JUMBLE

THAT SCRAMBLED WORD GAME

UNSCRAMBLE THE WORDS IN THE JUMBLE

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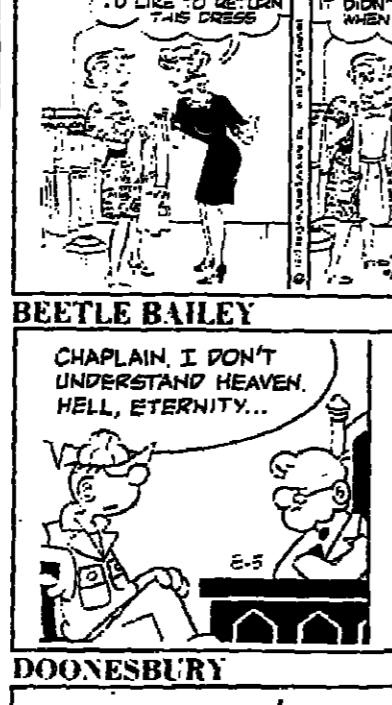
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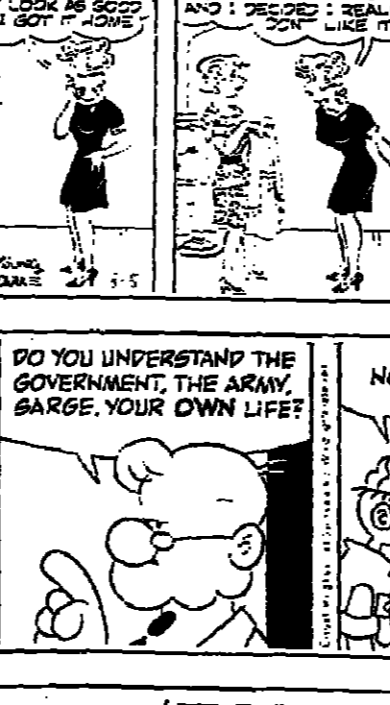
Now arrange the scrambled letters to form the words in the JUMBLE.

Answer here: _____

DOONESBURY



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SPORTS ATHLETICS

Blue Jays Walk Away From the Yankees

By Jack Curry
New York Times Service
Whenever Buck Showalter is asked about topping the Blue Jays, his answer is simple: You cannot make mistakes or give them extra chances. They are too talented. Give them something extra, anything extra, and they will probably exploit you. Like they did against the Yankees.



The stretch was there, but the Brewers' Juan Bell couldn't quite pick off a grounder by the Orioles' Cal Ripken in the second inning.

AL ROUNDUP

smoothly rebounded from deficits of 3-0 and 4-2, gladly accepted nine walks to jump-start their already imposing offense, and emerged with an 8-6 victory at Yankee Stadium.

With a lineup that only grew fiercer when Rickey Henderson became his leadoff batter, handing out walks like free popcorn was not a sensible strategy for the Yankees. Of Toronto's eight, four were scorers after walks. Give the Jays something extra, anything extra, and they will exploit you. Like they did against the Yankees.

Showalter said it, on Tuesday night he witnessed it.

The Jays relied on five hits and two walks against three relievers to snap a 4-4 tie and seal the victory with four devastating runs in the eighth. The No. 9 batter, Pat Borders, began the inning by doubling to the right-field corner and was then replaced by pinch-runner Willie Canate.

Henderson, still tormenting the Yankees even after changing uniforms, slapped a single to center field that probably would have scored Canate but he was held up at third. That move only delayed the inevitable. Devon White chopped a single over the drawn-in infield to make it 5-4.

It only grew uglier for the Yan-

kees. Some fans scurried for the exits and others had to endure fights erupting in the stands. Meanwhile, the Jays methodically inflicted their lead to 8-4 on Paul Molitor's two-run single and Tony Fernandez's bloop run-scoring single off Steve Farr.

Showalter preached about how this four-game series will not decide the pennant, but there had to be a sinking feeling after the Yankees used a season-high seven pitchers and were humbled. Their ninth-inning comeback produced two runs and an exciting moment when Danny Tartabull's double off the fence snuffed a game-tying homer by just six feet. Instead, it was a run-scoring double and the Yankees lost by two runs. Pat Borders was the winner.

In other games, The Associated Press reported:

Indians 9, Tigers 4: In Cleveland, Kenny Lofton was unstoppable in a rain-shortened game, reaching base four times — two walks, a triple and a for-quit — and scoring each time. He also stole three bases.

Wayne Kirby homered and tripled for three runs batted in, and Albie Lopez gave up three runs and three hits in six-plus innings for the Indians. The loss dropped Detroit under .500 for the first time since it was 3-4 in April. The Tigers were 18 games over .500 on June 20, but have since gone 10-29.

Orioles 13, Brewers 8: The first four Baltimore batters in the sixth walked and scored as the Orioles rallied from a 4-0 deficit by scoring eight straight runs against visiting Milwaukee.

David Segui tied a club record by scoring four runs and Baltimore broke a 5-all tie in the sixth with four runs on two hits. The Orioles have won three of four since a four-game losing streak.

Kirk McCaskill, who took a 6.78 ERA into the game, shot the Rangers down on three hits over five innings before Texas broke through with a four-run sixth. Charlie Leibbrandt suffered his fourth consecutive defeat in his shortest outing of the season, 1 1/2 innings.

Angels 3, Royals 2: In Anaheim, California, pinch-hitter Greg Myers hit a two-run homer in the eighth off newly acquired Stan Belinda to power the Angels.

Belinda, who was traded from Pittsburgh on Saturday, failed to protect a 2-1 lead for starter Hippo Pichardo. Belinda allowed a leadoff double to Ty Van Burkleo, his first major league hit. Myers, batting for Ron Tingley, drove a 2-2 pitch for his sixth homer.

Mariners 5, Athletics 4: Dave Valle's one-out single in the ninth in Oakland, California, drove in pinch-runner Erik Hanson with the winning run as Seattle broke a three-game losing streak.

Randy Johnson ended his own three-game losing streak by striking out 12 in eight innings. Ted Power pitched in the ninth for his second save.

Boston dropped to three games behind Toronto in the AL East and remained in a virtual tie with New York for second place.

Banks led runners in scoring position in five consecutive innings from the second through the sixth to win his third-straight start. Boston's loss was its fourth in 18 games.

White Sox 11, Rangers 6: Frank Thomas hit a three-run homer to highlight a seven-run second inning in Arlington, Texas, and Chicago had 18 hits as the West-leading White Sox won for the seventh time in eight games.

Chicago beat the Rangers for the sixth time in eight meetings this season. Third-place Texas dropped 6 1/2 games back.

Kirk McCaskill, who took a 6.78 ERA into the game, shot the Rangers down on three hits over five innings before Texas broke through with a four-run sixth. Charlie Leibbrandt suffered his

Burrell Steals the Show

Compiled by Our Staff From Dispatches
ZURICH — Former world record holder Leroy Burrell turned a 100-meter dash showdown between Carl Lewis and Olympic champion Linford Christie into his own showcase. Wednesday, triumphing in 10.02 seconds.

Burrell, who missed selection in the 100 meters for this month's Stuttgart world championships, outpaced Britain's Christie by one-hundredth of a second in the race at the Weltklasse Grand Prix meet.

Drummond, who also missed out on the American team, was third in 10.05, with Lewis, who has held the world mark of 9.86 since 1991, fourth in 10.07. American champion Andre Cason came in at a disappointing fifth at 10.11.

Lewis, beaten by Christie at Gateshead, England, last Friday in their first clash since the 1991 world championships, paid tribute to Burrell, his Santa Monica Club teammate.

"Leroy ran a great race," he said. "But I ran a lot better than I did the other night."

Christie beat Lewis last week in 10.08. Lewis ran that race in 10.22. Zurich was their last duel before the world championships starting Aug. 14 in Stuttgart, and it left Lewis winless in finals this season.

A jubilant Burrell said, "After I didn't make the U.S. team (for Stuttgart), I had to make this the best race of the year."

It was the most powerful field assembled this season and there were massive crowds on offer again. Christie was believed to be earning another \$50,000 (\$90,000) for his 10 seconds' work, with big bonuses, including a gold ingot, for a world record performance.

The high-profile clash was welcomed to race fans. Most of sprinting's big names had avoided meeting each other in the run-up to the world championships this month and the cat-and-mouse game had looked set to continue all the way to Stuttgart.

(AP, Reuters, AFP)

in 1991. He also will compete in the 200 meters, and is a member of the 400-meter relay team, although he has said he will skip that event.

Powell, the world record-holder in the long jump, will be the overwhelming favorite to win his second straight world title.

Harrison, the world champion in the triple jump, should have a difficult time defending his title.

O'Brien, the world record-holder in the decathlon, will be seeking his second consecutive world title while trying to make amends for his disappointment in not making the Olympic team last year.

Meanwhile, Michael Johnson, the 1991 world champion in the 200, will run the 400 this time; Jackie Joyner-Kersey, winner of the women's long jump two years ago, will compete in the heptathlon, in which she won the Olympic gold last year, and Antonio Pettigrew, the 400 winner in 1991, will be a 1,600-meter relay alternate.

Other 1992 Olympic individual gold medalists on the team include Mike Marsh (200), Quincy Watts (400), Kevin Young (400 hurdles), Mike Stulce (shot putt), Gail Devers (women's 100) and Gwen Torrence (women's 200).

German Swims to a 3d Gold

Compiled by Our Staff From Dispatches
SHEFFIELD, England — Franziska van Almsick collected her third gold medal of the European swimming championships with a runaway win in the 200 meters freestyle on Wednesday.

Van Almsick, who took gold in Tuesday's 100 meters freestyle and 4x200 freestyle relay, won by nearly two seconds with nobody ever threatening her victory.

The 15-year-old German was a body length ahead at 100 meters, turning in 57.05 seconds and well over a second inside world record pace. But she could not maintain that speed and finished nearly half a second behind the world mark of Heike Friedrich in 1:57.99.

Luminita Dobrescu of Romania, bronze medalist in 1987 and 1991, took the silver in 2:00.39, and Karen Pickering of Britain and Katrien Peeters of Belgium took the bronze in 2:01.15.

Olympic silver medalist Rafael Szukala recaptured the men's European 100 meters butterfly title he first won four years ago. The 22-year-old Pole, victor in the 1989 European championship with a runaway win in the 200 meters freestyle of a second in a thrilling finish.

Both were well down the order at the turn but powered past their rivals on the second length, with Szukala snatching the gold in a championship record 53.41 seconds. Pankratov took the silver in 53.43, and Milos Milosevic of Croatia, European junior champion in 1988, got the bronze in 53.65.

An absentee from the women's 200 meters breaststroke final was title-holder Elena Rudkovskaya of Belarus, who withdrew from the heats to concentrate on the 100 meter event.

Brigitte Becue of Belgium, silver medalist in 1989, inherited the title, finishing strongly to win in 2:31.18. Anna Nikitina of Russia was second in 2:32.15, and Marie Hardman secured Britain's second swimming bronze of the day in 2:32.48.

Tamas Darnyi, world and Olympic champion, won a tremendous battle with Jani Sivonen of Finland to claim his fourth European 400 meters individual medley title.

The 26-year-old Hungarian just held off Sivonen's challenge on the last length of the concluding freestyle leg to win by just 0.27 of a second in 4:15.24.

Olympic champion Evgeniy Sadoviy anchored Russia to victory in the men's 4x200 meters freestyle relay.

In other action, Dmitri Robert of Russia edged Briton Sabin Murgusa to win the men's 10-meter platform diving title by 0.03 point.

(Reuters, UPI, AP)



The Pirates' Kevin Young and the fans all missed a Cubs' foul ball.

Mets' Coleman Goes on Leave

By Gerald Eskenazi
New York Times Service
Vince Coleman, described as "straitlaced" by Mets manager Dallas Green, was granted a request to leave the club indefinitely after he was charged with a felony by the Los Angeles district attorney earlier in the day.

"He left. I told him to," said Green after the Mets bowed to the Expos. 3-1, Tuesday night in Montreal.

Before the game, Coleman was charged in connection with an explosive-tossing incident in Los Angeles on July 24 that resulted in several injuries.

"He fully expected to play tonight," said Green. "He was quite distraught." Instead, Coleman left before the game.

Green could not say how long Coleman would be out. He is scheduled to appear in court in Los Angeles on Monday or Tuesday, and is not expected to contest the charge of possession of an explosive device.

Gerry Hunsicker, the club's assistant vice president of baseball operations, said after the game he was surprised that Coleman had asked to leave the club. He will be paid in his absence, said Hunsicker.

Frank Tanana, the Mets' starting pitcher, got the opening two batters in the first, and then got the jitters. Marquis Grissom singled off the glove of a leaping Murray at first, and Tanana tossed a wild pitch that sent Grissom by Larry Walker.

Moises Alou punched a single to left and the Expos led by 2-0, and then Sean Berry doubled home Alou, and then advanced to third on Ryan Thompson's fumble. Further disaster was averted, though, when Tanana struck out Derrick White.

Bobby Bonilla hit his 23d homer leading off the fourth. It kept his current road trip average in the high 400s.

In other games, The Associated Press reported:

Reds 5, Rockies 4: Colorado's franchise-record losing streak reached nine games as the visiting Rockies blew a ninth-inning lead and lost to Cincinnati on Joe Oliver's sacrifice fly in the 10th inning.

Dan Bichette hit a two-out, ninth-inning homer in the 10th as Rob Dibble to put the Rockies ahead, but their bullpen couldn't hold on. Jack Daugherty had a pinch double off Darren Holmes with one out in the bottom of the ninth, and Hal Morris singled off Gary Wayne to tie it 4-4 with two out.

Curtis Leskanic helped the Reds by walking Jacob Brumfield on four pitches to open the 10th. After Chris Sabo's sacrifice, Reggie Sanders was walked intentionally and Leskanic threw a wild pitch, advancing the runners. Oliver hit a fly deep to right to send the Rockies to their 16th loss in 19 games since the All-Star break.

Giants 12, Padres 7: In San Diego, Will Clark batted in six runs, one short of his career-high, as the

German Swims to a 3d Gold

Giants rallied for their 72d victory of the season, matching last year's total.

Clark had a three-run homer and two-run triple, but it was Robby Thompson's infield double in the seventh that turned out to be the key hit. With two out, Thompson popped up, but the ball fell between Trevor Hoffman and catcher Brad Ausmus, the first of five straight San Francisco hits as the Giants overcame a 7-5 deficit.

Martins 1, Cardinals 0: Charlie Hough allowed six hits over eight innings in St. Louis and Bryan Harzog finished the game for his 32d save.

Benito Santiago's ninth homer of the season in the second inning was the game's only run. Donovan Osborne left the game in the sixth when he was hit on his left knee by a one-hop smash. Preliminary X-rays were negative.

Phillies 5, Braves 3: Pete Incaviglia homered for the fourth time in three games as the visiting Phillies won their fourth straight.

Incaviglia hit his 17th homer of the season in the second of Steve Avery, and Terry Mulholland made it stand up by scattering eight hits in seven innings.

The Braves got within 4-3 in the seventh, but Dave Hollins hit his 12th homer in the eighth off Mike Stanton.

Astros 6, Dodgers 1: Mark Portugal won his fourth straight in the Astro dome, making him 7-1 there for this season. He is 27-9 at home since joining the Astros in 1989 and his overall record with Houston is 44-30.

He and Xavier Hernandez combined to hit a five-hitter. Luis Gonzalez tied a Houston club record with three doubles and Eddie Taubensee had a two-run homer.

Pirates 7, Cubs 3: In Chicago, the Pirates snuffed a three-game losing streak and Zane Smith won for the first time since July 11, 1992.

How Low Will the Mets Sink?

By George Vecsey
New York Times Service
NEW YORK — There are sports fans who deserve a good swift ejection from the ballpark. I am thinking of the demoralizingly high number of louts who booed the Canadian anthem in Yankee Stadium on Monday night.

I have never seen a fan who deserved to take an incoming fire from a ballplayer. Those fans who stood behind a fence at Dodger Stadium two Saturdays ago surely did not deserve to have Vince Coleman an explosive device likened to a "quarter stick of dynamite" toward them.

Three of those fans, including a girl, 2, have claimed injuries from the explosive, which was thrown from a car. They will now have a chance to see Coleman squirm in court. He was indicted Tuesday in Los Angeles on a felony count.

Coleman's lawyer said Tuesday that the player would not contest the charge, which seems to be a wise move. Coleman has admitted he threw a firecracker and he sort of said he was sorry. "Inappropriate," he called his behavior.

Five days later, that is. It took him and the Mets that long to decide he should say something.

Since Coleman may not stand trial, the Mets seem to be saddled with him until sentencing, Dallas Green, the manager, said. Coleman was brought in allegedly to the swaggering farmer who was brought in allegedly to whip the players into line, has benched Coleman, but the Green seems to be blaming the news media for the poor fellow's anxiety. It has sunk this low with the Mets.

The Mets did not have enough sense to eat Coleman's \$3 million contract last year when he was merely squabbling with Manager Jeff Torborg and Coach Mike Cubbage. Now it is stuck with a player who does not know it is wrong to have a firecracker near people outside a ballpark.

It is easy to see where players come to have a certain distance from the entire breed of fans. It wasn't hard for visiting Toronto players to feel contempt for "U-hundreds," if not thousands, of goons who chanted "U-S-A" and then booed "O Canada" before Monday's game. Afterward, the Blue Jays marveled at the variety of fights breaking out in the stands.

The money isolates the players from the fans. The players arrive in team buses with tinted glass, or they travel in team buses with tinted glass, or they travel in team buses with tinted glass. Denny Tartabull wears a new outfit to every home game. Then the players sit in the dugout and watch the fans crack and brawl. The players tilt their heads in a mocking anger. But only Coleman throws a firecracker.

One ugly sideshow was that Eric Davis of the Dodgers, the driver of the car in which Coleman was a passenger, said throwing firecrackers was funny.

It is past funny now. Coleman is facing a felony charge and civil suits. This is going to cost him money. Maybe that's why they pay players so much. For lawyers.

Are we being hard on Coleman? The fans in Shea Stadium read the papers. They listen to the radio. They know about the ugly spots on how Coleman Torborg and Cubbage. They also know how Coleman once was asked what contribution Jackie Robinson made to baseball, and Coleman muttered, "Don't know no Jackie Robinson, man." And maybe he didn't. Or still doesn't.

I know this: Jackie Robinson never tossed a firecracker toward fans.

The money makes it easier for the fans to hoot at an underachiever like Coleman. They have the right to expect a great deal from \$3 million players. There may be a lot of jerks out in the stands, but many of them are knowledgeable jerks. They know who makes what. They know who hustles.

The Toronto fans will love Rickey Henderson for the next two months. Give Rickey this. He may mope when he isn't happy with the money he is making. He may come up with injuries undetectable to medical science. But Henderson is also capable of being happy. Of playing superb baseball for months and years at a time.

Rickey will give Toronto its money's worth for these two months. Then he will get a new contract and put out for a year or more. Give him that.

Coleman came to the Mets and he never got into being a hot dog or a mercenary. But don't boo "O Canada."

I look forward to a real World Series with Japan, but this business in Yankee Stadium makes me hope the Yankees or the Mets are not involved in that one. Guess we don't have to worry about the Mets. Not as long as they don't have the sense to divest themselves of Vince Coleman.

SCOREBOARD

BASEBALL

Major League Standings

Team	W	L	Pct.	GB
East Division				
Toronto	45	45	.500	0
Boston	40	47	.460	3
New York	37	49	.430	5
Baltimore	34	54	.388	8
Detroit	33	57	.366	10
Cleveland	28	67	.298	18
Milwaukee	24	73	.247	24
West Division				
Chicago	59	29	.672	0
Kansas City	53	39	.575	6
Texas	51	41	.557	8
Seattle	50	42	.549	9
Colorado	48	47	.506	13
California	45	52	.463	17
Oakland	44	53	.451	18

Japanese Leagues

Team	W	L	Pct.	GB
Yokohama	42	33	.561	0
Yamaguchi	40	35	.533	2
Yokoyama	37	37	.500	5
Hiroshima	37	37	.500	5
Hanjin	37	37	.500	5
Yokohama	37	37	.500	5

ESCORTS & GUIDES

Agency	Services
LONDON CONNOISSEUR	Escort, Driver, Chauffeur
JAPANESE CHINESE THAI	ESCORT SERVICE Boys and escorts
ZURICH BEVIN BASE	Escort Service
GENOVA * PARIS	Private Woman Escort Service
INTERNATIONAL ESCORTS	Escort Service Worldwide
LONDON BRAZILIAN	Escort Service
MOSCOW CLUB - VIENNA ESCORT	Escort Service
GENOVA * PARIS	Escort Service

BASEBALL

Tuesday's Line Scores

Team	W	L	Score
Boston	9	0	9-0
Milwaukee	8	0	8-0
Atlanta	7	0	7-0
Arizona	5	0	5-0
Los Angeles	4	0	4-0
Cincinnati	3	0	3-0
San Diego	2	0	2-0
Colorado	1	0	1-0

FOOTBALL

Canadian League

Team	W	L	T
Hamilton	3	1	0
Windsor	2	1	0
Ottawa	1	3	0
Toronto	1	2	1

Western Division

Team	W	L	T
Calgary	3	0	0
Edmonton	2	0	0
Saskatoon	2	0	0
Saskatoon	2	0	0

INTERNATIONAL CLASSIFIED

Agency	Services
BELLE EPOCH	ESCORT SERVICE
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BELGRAVIA	071 589 5237
ORCHIDS	071 589 5237
MERCEDES	071 351 6666

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ART BUCHWALD

The McGinniss Genesis

WASHINGTON — Most writers have to be grateful to Joe McGinniss, author of "The Last Brother," the story of Edward Kennedy...



"This is a very nice place, but there is something missing." He wished he had a dominating father so he could ask the father what it was...

McGinniss has created a whole new ball game for biographical writers like myself. Actually, it couldn't have come at a better time...

Condition of Fellini, 73, Is Called 'Very Serious'

ROME — Federico Fellini, 73, was in "very serious" condition Wednesday, partially paralyzed in an Italian hospital...

In Mexican Films, A Feminine Spirit

By William Grimes

NEW YORK — In her 25 years as a film actress, Ofelia Medina has seen three Mexican "new waves," so the term makes her smile...

The entry of women as film directors and producers holds unusual promise.

"I think the feminine spirit has come to change the macho spirit of the old Jurassic system," she said in an interview in her Manhattan hotel room...

"They don't work. Dancers, we work, we sweat." She joined an experimental theater company led by the director Alejandro Jodorowsky...



Ofelia Medina sees a change in "the macho spirit of the old Jurassic system."

Indians, like Gertrudis Bocanegra, who spoke the local Indian language as well as Spanish...

Frida." In which she and Laura San Giacomo will each play half of Kahlo's divided soul.

The actress was active in the campaign to change Article IV of the Mexican Constitution, which last year granted official status to the country's 56 Indian languages...

Medina continues to perform in the theater, with two one-woman shows that she takes to small towns in the hinterlands...

"Now, by law, they have to have an interpreter, and know what they are being accused of," she said. It was perhaps a meeting of similar temperaments when Medina flew to Argentina...

The idea that these projects might be called feminist seems to surprise Medina. "I am not a feminist," she said. "I am simply a woman."

PEOPLE

The Last Brother' Becoming Sales Dud

"The Last Brother," a biography of Senator Edward M. Kennedy by Joe McGinniss, which was rushed to bookstores by Simon & Schuster last week in a bid to head off the advance criticism...

When Donald Trump took his pregnant fiancée, Maria Maples, to his Taj Mahal in Atlantic City, where Tina Turner was performing...

It was no ordinary machine at Andy Williams' place in Branson, Missouri. "I just came by to see if you'll still talking to me now that you've got your own theater..."

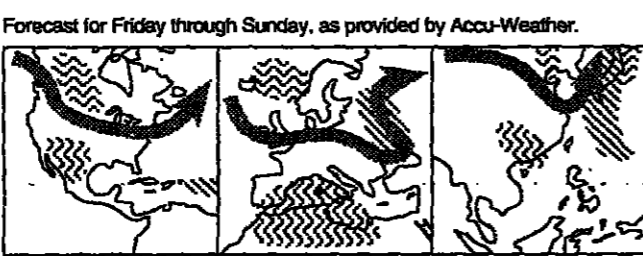
A frail but ever-smiling Queen Mother Elizabeth waved to cheering crowds on Wednesday as she made her traditional appearance at the gates of her London home on her 93d birthday.

Actor Wesley Snipes, 31, may have gotten his roles mixed up. Snipes, who plays a gun-toting Los Angeles policeman in the newly released "Rising Sun," was arrested for carrying a gun, police said in Hollywood...

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 5

WEATHER

Table with weather forecasts for Europe, including High, Low, Wind, and Precipitation for various cities like London, Paris, and Rome.



Forecast for Friday through Sunday, as provided by Accu-Weather. Europe: The East Coast will have seasonable weather this weekend...

North America: The East Coast will have seasonable weather this weekend. London will have nice weather Friday...

Asia: Much of Japan, including Tokyo, will continue in a wet, cool weather pattern this weekend...

Table with weather forecasts for Asia, including High, Low, Wind, and Precipitation for cities like Bangkok, Hong Kong, and Tokyo.

CROSSWORD

Crossword puzzle grid with clues for Across and Down. Includes a solution for puzzle of Aug. 4.

Additional crossword puzzle grid with clues for Across and Down.

If you're going to travel all over the map, here's how to call from almost any point on it.



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